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FIRST BIENNIAL REPORT

OF THE

STATE BOARD OF CONTROL

OF CALIFORNIA

Covering Period from December 3, 1910, to December 6, 1912

STATE BOARD OF CONTROL

JOHN FRANCIS NEYLAN, Chairman

CLYDE L. SEAVEY

W. H. HUMPHREY



FRIEND WM. RICHARDSON, SUPERINTENDENT OF STATE PRINTING
SACRAMENTO, CALIFORNIA

1913

MEMBERSHIP OF STATE BOARD OF CONTROL.

Pursuant to the provisions of Chapter 349 of the Statutes of 1911, his Excellency, Hiram W. Johnson, on June 2, 1911, appointed James A. Johnston, Clyde L. Seavey, and John Francis Neylan as members of the State Board of Control. On June 5, 1911, the new Board was formally organized and assumed the powers and duties granted and imposed by the Statute creating it.

On May 31, 1912, James A. Johnston resigned as a member of the Board, and was succeeded by Fred C. Nelles, whose appointment became effective June 8, 1912.

On August 24, 1912, Fred C. Nelles resigned as a member of the Board, and was succeeded by William H. Humphrey, whose appointment became effective August 26, 1912.

To the Senate and Assembly of the State of California:

The State Board of Control, created by act of the Legislature approved April 3, 1911, herewith submits its first biennial report, covering acts of its predecessor, the State Board of Examiners, from December 3, 1910, to June 2, 1911, and its own acts from June 2, 1911, to December 6, 1912.

In general terms the duties of the Board are summed up as follows: to exercise general supervision over the business and financial affairs of the State and to audit all claims against the State with the exception of those specifically exempted. In order to more clearly set forth what has been accomplished, the activities of the Board under these two general divisions will be treated separately.

GENERAL SUPERVISION OF BUSINESS AND FINANCIAL AFFAIRS.

By the terms of the act creating the State Board of Control, the business affairs of all the state departments, hospitals, prisons, reformatories, boards, commissions and bureaus were made subject to its supervision. The exception by virtue of constitutional provision is: the Panama-Pacific Exposition Commission.

The Board found that business system was lacking in a large degree and that nothing had ever been done to bring about a method of coöperation between the different departments and institutions.

The supervisory work of the Board fell into two general classes: (I) the destructive and (II) the constructive.

The destructive work had for its object the wiping out of graft, extravagance, waste, and incompetence in those departments where these evils existed. Rings of contractors which for years had throttled legitimate competition for the State's business had to be broken; the supplying of inferior goods at exorbitant prices, a favorite method of defrauding the State, had to be stopped; the practice of awarding contracts in payment for political services had to be stamped out; reckless neglect and disregard of state property had to be dealt with; and finally, delays in the payment of just claims, which discouraged reputable firms from doing business with the State, had to be eliminated.

With the destructive work accomplished the way was cleared for the constructive work which had for its object the placing of the State's business on a sound basis, free from dishonesty and incompetence, and comparing favorably with the highest standards set in the commercial

community. To this end it was necessary to bring about an increase in efficiency and a closer coöperation between the different institutions and departments in the handling of business; to again arouse the interest of and bring into competition all of the reputable firms of the State, many of which had become disgusted; to guarantee and enforce a square deal to all in competing for state business; to accelerate the handling of claims, improving the State's credit and securing discounts which had been allowed to go unnoticed; to inaugurate modern methods of accounting and of auditing in the different institutions and departments, the accounts of many never having been audited; to raise the standard of equipment, service, and maintenance in those institutions where it had fallen low; and finally, to institute a proper system of inspection and reports so that the financial needs of the institutions and departments could be intelligently and impartially presented to the Chief Executive and the Legislature—all with the idea of building up the institutions and departments along proper lines for the carrying out of the aims for which they were created.

The destructive work while essential to a proper carrying out of the Board's policies was in no sense an ultimate object to be accomplished and will therefore be treated as of secondary importance in this report. The record of investigations and disclosures together with special reports on the different subjects to his Excellency, Hiram W. Johnson, will be found in another part of this report.

CONSTRUCTIVE WORK.

In a consideration of the constructive work accomplished, it is necessary to bear in mind that many evils existed that had to be eradicated, and the chief of these was the idea that was quite prevalent that the State's business was to be placed where it would do the most good—politically.

It became apparent early that the greatest safeguard to the State was to purchase everything possible under contract and to eliminate in so far as possible non-contract purchases. With this fact established, it was necessary to pay particular attention to the manner in which contracts were awarded. The provisions of law governing the awarding of contracts had been practically dead for some time.

CONTRACTS.

As its first step, this Board communicated with every Chamber of Commerce, Merchants' Exchange, and businessmen's organization of every kind in California of which any record could be secured, asking these associations and organizations to have their members take an interest in the State's business and compete for contracts. In this communication, this Board undertook to guarantee to every bidder an absolutely square deal, and pointed out that any bidder who felt aggrieved by any award made by an institution or department could

take an appeal to the State Board of Control and have the matter determined on its merits.

Many firms which had had experience with the State's business were skeptical—thanked the board for its courtesy, but refused to bid. That was eighteen months ago. Most of those firms are now doing business with the State.

The general response to the invitation to bid was most gratifying, with the result that where eight or ten firms formerly divided the business at different state institutions, the number of bidders rose to between fifty and sixty.

This Board was organized June 5, 1911, and in that same month the annual supply contracts for the state institutions were awarded. The influx of new bidders and the guarantee given by this Board resulted in the filing of more than 300 appeals from the decisions of local boards. These appeals and the facts which they brought out served to show that the specifications furnished by the State upon which the bids were submitted were at fault in a great many instances. They operated in such a way as to allow the ruling out of practically anything submitted by a bidder. The law provided for the awarding of contracts to the lowest responsible bidders. This law was rendered inoperative by confusing the specifications in such a manner that none but favored contractors would know what was desired.

The provision of law directing the awarding of contracts to the lowest responsible bidder is a wise one. The objection raised frequently to the effect that it operates in favor of cheap and undesirable goods is based on ignorance of the facts or on dishonesty. It can be said without fear of successful contradiction that if a state officer honestly and intelligently draws specifications covering an article desired he can secure competition and receive the best goods at the lowest price. This has been demonstrated many times in the last eighteen months.

With the knowledge of the specifications secured in June, 1911, this Board called a conference in May, 1912, to which it invited the general superintendent of state hospitals, and the medical superintendents and stewards of the different state hospitals. All were in attendance and a tentative draft of new specifications was laid before the conference. These specifications had been compiled from the records of the quartermasters of the United States Army and Navy from the specifications of the leading institutions of the United States. A number of changes and improvements were made. The custom of purchasing one kind of food for officers and an inferior grade for patients was eliminated as well as other vicious features.

The product was a wonderfully improved set of specifications and this set with proper modifications was used for all state institutions. It is now the object of this board to bring these specifications as near to perfection as possible at a conference of the executive officers of all state institutions prior to June of 1913. It is the intention of this Board to standardize supplies for all state institutions.

The results of the new specifications have been the awarding of all contracts in accordance with the law and the securing of a higher quality of food and other supplies than ever before furnished in the state institutions.

The actual saving to the State as the result of renewed competition for the business of the hospitals alone can be seen from a comparison of the per capita costs of these institutions as recorded by the State Lunacy Commission showing the expense prior to the creation of this Board and since—

| | |
|---|----------|
| Per capita cost sixty-second fiscal year----- | \$206 57 |
| Per capita cost sixty-third fiscal year----- | 187 57 |

This difference of \$19 per patient is shown despite the increased cost of all necessities of life and despite the fact that the supplies now purchased are of better quality than ever before. The amount of food required has universally been fixed by the medical superintendents and the general superintendent without interference from this Board.

The average population of the state hospitals during the sixty-third fiscal year was 7,905. This number multiplied by the difference in per capita cost shows a decreased cost of \$150,195.

The criticism which applied to the specifications and contracts of the state hospitals and most of the other institutions applied with greater force to the State Printing Office. The specifications furnished to prospective bidders by the State Printing Office were farcical. They were purposely drawn to withhold the necessary information from all but four firms which had monopolized the business of the department for fifteen years.

The following list will show the effect which the renewal of honest competition had upon the prices of supplies furnished the State Printing Office:

| | Old price. | New price. | Excessive percentage in old prices. |
|--|------------|------------|-------------------------------------|
| Book paper for school books, 31 x 42—80 lbs., per lb. | \$0.0665 | \$0.044 | 51% |
| Book paper for school books, 34 x 51—100 lbs., per lb. | .0665 | .044 | 51% |
| Book paper, S. & S. C., per lb. | .063 | .0455 | 39% |
| Book paper, M. F., per lb. | .052 | .043 | 21% |
| Book paper, eggshell, per lb. | .06 | .049 | 22% |
| Gummed paper, white, non-curling, per lb. | .16 | .15 | 6% |
| Gummed paper, colored, non-curling, per lb. | .28 | .15 | 73% |
| Bond paper, Crane's (list less discount), discount. | 32% | 35% | 3% |
| Bond paper, bigb grade, per lb. | .30 | .18 | 66% |
| Bond paper, good grade, per lb. | .19 | .12 | 58% |
| Envelopes, bond, high grade (list less discount) per M. | 2.35 | 1.80 | 30% |
| Bond paper, linen finish, high grade, per lb. | .32 | .209 | 53% |
| Flat paper, good grade, per lb. | .195 | .091 | 114% |
| Flat paper, medium grade, per lb. | .12 | .078 | 54% |
| Flat paper, colored, superwove, per lb. | .13½ | .107 | 26% |
| Ledger, good grade, per lb. | .375 | .135 | 178% |
| Chemical Manila, pink or blue, per lb. | .06 | .0215 | 179% |
| Card board, 120, high grade, per sheet. | .05 | .0215 | 132% |
| Card board, 140, high grade, per sheet. | .065 | .026 | 150% |
| Card board, 120, colored, per sheet. | .065 | .0145 | 348% |
| Blanks, 6-ply, per sheet. | .0325 | .028 | 16% |
| Railroad board, 6-ply, colored, per sheet. | .04 | .027 | 48% |
| Index Bristol, 110, per sheet. | .0336 | .033 | 2% |
| Cover paper, S. & S. C., per lb. | .12 | .0595 | 101% |
| Cover paper, rough finish, in colors, per lb. | .12 | .09 | 33% |
| Envelopes, XXX, good grade, No. 6½, per M. | 1.12 | .96 | 16% |
| Envelopes, XXX, good grade, No. 6½, per M. | 1.20 | 1.05 | 14% |
| Envelopes, XXX, good grade, No. 9, per M. | 1.88 | 1.59 | 18% |
| Envelopes, XXX, good grade, No. 10, per M. | 2.11 | 1.80 | 17% |
| Envelopes, XXX, good grade, No. 11, per M. | 2.55 | 2.25 | 13% |
| Envelopes, Columbian Clasp (list less discount), discount. | 20% | 37½% | 17% |
| American Russia buffings, per ft. | .155 | .085 | 82% |
| American Russia cowhide, per ft. | .295 | .16 | 78% |
| Calf, assorted, per ft. | .50 | .33 | 51% |
| Roans, assorted, No. 1 quality, per skin. | 1.41 | 1.07 | 32% |
| Bark skivers, XXX, per skin. | 1.87 | 1.15 | 62% |
| Binders' book cloth, assorted T grain, per yd. | .75 | .1233½ | 508% |
| Gold leaf, deep, XXX, per pack. | 9.50 | 6.80 | 40% |
| Gold leaf, pale, XXX, per pack. | 9.25 | 5.98 | 54% |
| Muslin, Indian Head, per yd. | .12½ | .11 | 16% |
| Strawboard, No. 20, No. 30, pasted and unpasted, per ton. | 48.50 | 47.00 | 3% |
| Tarboard, No. 30, 23 x 31½, per ton. | 49.00 | 48.00 | 2% |
| Super, grey, XX, per yd. | .06½ | .04½ | 53% |
| Twine, soft, in skeins, per lb. | .45 | .37 | 21% |
| Black ink, balftone, per lb. | 2.50 | .39 | 541% |
| Book ink, per lb. | 2.50 | .20 | 1,150% |
| Black ink, job, best quality, per lb. | 2.50 | .49 | 251% |
| Bond ink, best quality, per lb. | 1.00 | .49 | 104% |
| Blue ink, job, Ultramarine, per lb. | 2.00 | .70 | 186% |
| Blue ink, bronze, per lb. | 2.50 | .70 | 257% |
| Copying ink, colors as ordered, per lb. | 4.00 | .70 | 471% |
| Red ink, Geranium Lake, per lb. | 3.00 | .85 | 253% |
| Red ink, Scarlet Lake, per lb. | 2.00 | .90 | 122% |
| Red ink, Rose Lake, per lb. | 3.00 | .95 | 216% |
| Red ink, Cherry Lake, per lb. | 3.00 | .95 | 216% |
| Yellow ink, Chrome, per lb. | 2.00 | .48 | 316% |
| White ink, per lb. | 1.50 | .42 | 257% |
| Laketine, per lb. | .75 | .24 | 212% |
| Varnish, reducing, 000, per gal. | 3.00 | 1.10 | 173% |
| Varnish, Damar, per gal. | 4.00 | 1.50 | 166% |

Further illustrating the advantage of honest competition for the business of the State Printing Office is the condition of the textbook fund. Prior to the creation of the State Board of Control, the textbook fund was always kept depleted and mortgaged to different favored contractors. In June, 1911, there were in existence claims against this fund aggregating \$70,000 and approximately \$14,000 in the fund. These claims were all based on fraud and were disallowed by this Board. The fund now aggregates \$162,000 and in the warehouse of the State Printing Office are textbooks valued at approximately \$30,000. There is no debt of any kind against the fund.

These cases of the State Hospital and of the State Printing Office are cited as examples of what benefits have accrued to the State from the renewal of honest competition.

The business of the State of California is today the most desirable to be had, and that this is the fact is proved by the keen competition which exists among the most reputable firms to secure it.

TESTS AND DELIVERIES.

The enforcement of honesty and square dealing in the awarding of contracts would prove of little benefit to the State unless steps were subsequently taken to make certain that the State got what it paid for. A favorite method of defrauding the State under the old system was to allow a favored firm to submit a bid at about cost on a given article. Of course reputable firms would provide for a fair and legitimate profit and could not equal the low bid. Subsequently, the favored firm would deliver, not the article bid upon, but an inferior article for which the bid price would be exorbitant.

It was a matter of common knowledge in the city of San Francisco that certain supplies which were rejected as unfit to use at the Relief Home were shipped the following days to the Napa State Hospital, then under the management of Dr. Elmer E. Stone, and there accepted. The entire system was exposed in the confession of one of the contractors to this Board. In this manner the State was not only defrauded but its wards were required to subsist on inferior food and to accept inferior articles generally.

This practice also maintained in relation to other supplies furnished the state institutions and departments. To meet this condition and to enforce square dealing as between the State and the contractors, this Board constituted the Pure Food and Drug Laboratory of the University of California the judge of the quality of all food supplies and drugs delivered to state institutions. The assistance rendered by the laboratory has been invaluable, and in this field alone it has more than justified the money appropriated for its support.

Every contractor has given a bond for the faithful performance of his contract. Every executive officer of an institution is personally responsible for the character of supplies accepted. The State demands

full value for what it pays, and if the quality of any delivery is questioned, it is settled by reference to the Pure Food and Drug Laboratory. The decision of the laboratory is final. If a delivery is inferior the supplies needed are purchased in the open market and charged against the contractor's bond.

It can safely be said that with the general class of firms now doing business with the State there is seldom any attempt to intentionally defraud. Some firms, however, must be watched continuously. The vigilance of local officials and the coöperation of the Pure Food and Drug Laboratory are absolute guarantees of proper deliveries.

The testing laboratory of the State Engineering Department renders final judgment on the quality of all purchases of oil, building material, blankets, fuel and supplies of like character. It exercises the same function in relation to these supplies as the Pure Food and Drug Laboratory does to food and drugs. The assistance rendered has been excellent and valuable.

All institutions are required to keep a record of the goods rejected and the firms making the delivery. If a comparison of these records demonstrates that any particular firm is intentionally attempting to defraud the State, such record constitutes the basis to bar the firm from bidding for State business in the future.

CENTRALIZED BUYING.

In several instances this Board has deemed it proper to reject all bids on certain articles as submitted at the local institutions and to ask for bids on the needs of all combined. This was done in those cases where it was apparent that the institutions were subject to local combinations.

One instance of this kind was in the purchase of electric light lamps. In the purchases by the institutions the State was accorded a discount of 10 per cent from the list price. Under the centralized method the discount granted was 31 per cent, the contractor assuming all responsibility for prompt fulfilment of orders.

NON-CONTRACT PURCHASES.

The facts heretofore set forth have dealt entirely with the state's purchases under contracts and the steps which have been taken to enforce honest competition and awarding of contracts. Because of circumstances surrounding particular supplies approximately 15 per cent of what the State uses is bought in the open market. These are termed non-contract supplies.

In the matter of non-contract supplies the conditions which existed were more flagrantly vicious than in connection with the contract supplies. At most of the institutions these supplies were purchased without a pretense of competition, certain favored firms getting the business and charging exorbitant prices. This system inspired dishonest

officials to place as much of the purchasing as possible under non-contract.

The rule established and enforced by this Board is, that on every non-contract purchase for the State at least three reputable firms must have an opportunity to submit bids. These bids must be submitted to this board in advance of the purchase. This rule has the twofold virtue of discouraging non-contract buying where unnecessary and of securing legitimate competition on necessary non-contract supplies.

PAYMENT OF CLAIMS.

With the matter of contracts safeguarded and the system of testing established, it was necessary to systematize the methods of ordering supplies and of handling claims when submitted for payment.

Under old methods the average time of paying claims against the state was between thirty and forty-five days. This was due partly to the fact that it was difficult to get the signatures of two members of the State Board of Examiners, who were busy with matters in their own departments, and had no opportunity to find out what they were signing. But in large part, the delays were due to disputes arising about purchases. Under the system then in vogue purchases were made and the firm furnishing goods was forced to wait for its money until disputes were settled. Under the pre-audit system inaugurated in all state institutions and departments by this Board all questions as to the propriety of a purchase, price, etc., are settled in advance of the purchase.

PRE-AUDIT SYSTEM.

The pre-audit system provides that the executive head of each state institution and department shall furnish to this Board prior to the twentieth of each month a certified estimate of the needs of his institution for the next succeeding month. These estimates are detailed and set forth prospective contract and non-contract purchases, together with the necessary bids on the latter. These estimates are accurate just in that degree to which the executive head of an institution or department is familiar with the institution or department of which he is in charge. Experience has demonstrated that the most accurate estimates are submitted by those executives who take a lively and proper interest in the departments of their respective institutions. Reference to the estimates submitted will afford to the Chief Executive of the State a fairly accurate idea of the capacity for management displayed by any officer in charge of a state institution.

These estimates when submitted are examined in detail; improper or unnecessary purchases are eliminated; where an institution or department needs any supply of which another institution has a surplus the transfer is arranged for; this Board is enabled to cut all expenditures to keep within the one-twenty-fourth expenditure pro-

vision of the statutes; causes leading to deficiencies become apparent; and finally every question regarding a given purchase is settled in advance and a proper foundation laid for the subsequent audit of the claim resulting from the purchase. After thorough examination the estimates are approved and returned to the institutions and departments prior to the first of the month and the approved purchases are then made.

One illustration will suffice to show the efficacy of the system. On December 15, 1910, State Printer W. W. Shannon placed with a paper company an order for \$62,000 worth of textbook paper. It was subsequently demonstrated that there was already on hand enough of every kind of paper to run the State Printing Office for at least one year and enough of some varieties to run the office for from three to ten years. The illegitimate profit in this one order amounted to \$18,000. Payment had been made for \$14,000 worth of the paper before this Board came into existence. The balance of \$48,000 was never paid because this Board forced the company to take back the paper.

There was no pre-audit system in operation at the time, and it is probable that if the contractor had not attempted to charge an extortionate price he could have made the State pay for a tremendous stock of paper which it did not need. Under a pre-audit system this order could never have been given because the State Printer would have been unable to show the need for it. The paper order was merely one of numerous others of like character.

The matter of emergency purchases for which it is impossible to estimate in advance can be dismissed with the statement that they are allowed on the personal responsibility of the executive officer of each institution and department.

The pre-audit system is based on sound principles and is identical with the methods of internal government in vogue in the best managed corporations of the country. Its cost is insignificant, being made up entirely of the cost of paper used. The economy and efficiency which it produces are worth many thousands of dollars.

It is not contended that the system is working perfectly in all state institutions and departments at this time. In some it has only been installed for a brief period; in others the executive officers are not yet perfectly familiar with the details of their institutions; and in others delays have occurred in transmitting the estimates. These difficulties, it is confidently believed, will be eliminated within the next ninety days.

DISCOUNTS.

With the estimates disposed of and purchases made the next problem has been to facilitate the handling of the claims based on the purchases. The average time of handling claims from the time they are filed with the institutions until warrants are drawn by the State Controller has been cut down to fifteen days. This is a saving of approximately

thirty days and has enabled the State to take advantage of a great many discounts, besides the most desirable features of putting the State into the class of preferred customers.

Fifteen days, however, is considered too long a period and should be shortened. The shortening of this period is made practically impossible by the statutory requirement that claims against different institutions be audited by the local boards. The claims must be held at the institutions until the regular monthly board meetings which occur in the first eleven days. This delay causes a loss to the state of ten day discounts which could be secured by prompt forwarding of the claims here for audit, and it can be said on the advice of members of the local boards that their approval, when secured to the claims, is worthless. These facts are stated without the slightest disrespect to any local board, it being obvious that men engaged in large business affairs who meet for two days each month at a state institution cannot possibly have the time to properly investigate and audit from fifty to one hundred claims.

The elimination of this necessity for approval of local boards will abate no safeguard and will enable the State to pay its bills within ten days, taking advantage of the generous discounts provided for such payments. An average discount of 3 per cent on the state's annual supply bill of \$3,500,000 will mean a saving of \$105,000 annually.

In order to effect the saving and increase the efficiency of the State's business methods this Board therefore respectfully urges that all local boards be relieved of the duty of signing claims against the respective institutions, and that the claims after being certified under oath by the executive officers of the respective institutions be forwarded to this Board without delay. All virtue that might lie in the auditing by local boards is retained under the pre-audit system, which would prove a reciprocal check on the Board of Control. The average time consumed by this Board in the auditing of claims is less than forty-eight hours.

DEPARTMENT OF ACCOUNTING.

As an example of the lack of business system which existed in the management of the State's affairs generally may be cited the fact that the accounts of the six state hospitals had not been audited for a period of fourteen years. During this time approximately \$40,000,000 was expended upon these institutions.

The difficulties presented by this condition of affairs can well be imagined. These difficulties had to be met by the accounting department of this Board which has more than justified its creation, and, we respectfully submit, demonstrates the necessity of enlarging the department and giving it more adequate facilities.

The accounting department, composed of a superintendent, two assistants, and one junior accountant, has completed audits of the

accounts of all state hospitals, prisons, reformatories and charitable institutions, of all vocational boards, and of the principal departments of the state government. In addition to this a uniform system of accounting has been formulated for all of the state hospitals and is actually installed and being operated in four of the six, it will be installed in the remaining two within thirty days; a thorough cost finding system has been formulated and installed for the San Francisco Harbor Commission; a uniform system of accounting has been installed in all vocational boards, a modern system has been formulated for the Fish and Game Commission and plans have already been formulated to install the uniform system, with proper modifications, in the other state institutions.

Upon the efficiency of the accounting department of the state government will depend in a large degree the efficiency of its business methods. The efficiency of the accounting department can be brought to the highest plane by an allowance of sufficient funds for the employment of assistants and juniors in the department.

This Board has selected its accounts solely on the basis of merit, and the results have been excellent. The present superintendent and his first assistant were selected from a large number of applicants, as provided by law. Neither one was ever known to any member of the Board previously. Neither one had any influence of any kind or character exerted in his behalf.

The second assistant now in the department was promoted to his present position from the grade of junior accountant. He and the remaining junior accountant were chosen after a competitive examination which was taken by forty-two applicants. The two men chosen stood respectively first and second as the result of the examination.

The entire cost of the accounting department for eighteen months up to the present time has been \$14,294.75.

It is respectfully recommended that provision be made for the employment, after competitive examination, of three additional junior accountants to be paid not in excess of \$2,400 per annum; and also for a stenographer for this department to be paid \$1500 per annum.

INVENTORY.

Finally, in relation to the conduct of the business of the State, it is necessary to have an accurate idea of what the State owns. This can only be known through an inventory scientifically worked out. Such an inventory will be automatically completed under the uniform system of accounting which has already been installed in some institutions and most of the departments.

It would be idle to attempt to estimate the amount of money which the State has lost through lack of supervision of the property which it has owned. Neglect and lack of system have been accountable for

more of the loss than dishonesty. The discarding of equipment, implements, machinery, and supplies of every character without proper accounting has entailed a loss, the proportions of which few of the people of the State realize.

It is planned to have a comprehensive and detailed inventory of every article that the State owns completed within the next two years. This inventory will be kept alive and will afford a proper check on all institutions and departments.

BUDGET.

The final accomplishment of the Board in that portion of its work which deals with the supervision of the business affairs of the state was the drawing of a budget setting forth the financial needs of the institutions and departments for the sixty-fifth and sixty-sixth fiscal years. This work was done pursuant to the provisions of sections 661 and 670 of the Political Code. All of the original data upon which this budget was drawn is now in the possession of this Board and will be held at the pleasure of his Excellency, Hiram W. Johnson and of the Legislature.

Following is a copy of the budget:

His Excellency,
HIRAM W. JOHNSON,
Governor of California.

In compliance with the provisions of sections 661 and 670 of the Political Code, the State Board of Control herewith transmits to you its budget covering the needs of the different state offices, institutions, boards, commissions and bureaus for the sixty-fifth and sixty-sixth fiscal years.

The budget contains recommendations to be included in the general appropriation bill amounting to \$11,999,962. It also includes recommendations for special appropriations amounting to \$3,943,520. The total recommended is \$15,943,482 and represents the smallest biennial increase in the history of the state, with the one exception of the increase approved by your Excellency in 1911.

In the opinion of the State Board of Control the amount recommended represents the minimum sum necessary for the carrying on of the government, and does not provide for the logical advances along governmental, educational and institutional lines that will be expected by the people of the state.

The budget as herewith presented has been agreed upon by the State Controller, Hon. A. B. Nye, and the State Board of Control. It is the result of a series of conferences held during the last ten weeks with the different state officers and heads of institutions and of the

knowledge of the needs of the institutions, offices and departments had by members of the Board and the State Controller.

The system which has been followed was inaugurated by the State Board of Control with the object of preparing a budget along scientific lines with due regard to the comparative necessities of the different institutions and departments. Through the hearty and intelligent coöperation of the state officers and those associated in the management of the different institutions and departments, the facts have been learned with comparatively little difficulty and a mass of data has been accumulated which, it is believed, will be of great value to your Excellency and the Legislature in the determination of financial problems.

Because of the fear that the revenue resulting from the present system of state taxation would not be sufficient to meet the ordinary running expenses of the government, no item has been included in the budget proper that was not considered an absolute necessity. Many just and moderate requests from state officers and heads of institutions for money to enable them to properly carry on their work have failed of recommendation because the revenue was not in sight. It can safely be said that none of these requests were fanciful or extravagant; they simply aimed at sane and intelligent development of state departments and institutions, and many of them will be classed as essentials by the enlightened people of California.

In order that the attitude of the State Board of Control toward these requests shall not be misconstrued, this Board also herewith respectfully submits for your consideration an enumeration of certain items excluded from the budget proper which are deemed essential to the attainment of the ends for which the different institutions and departments concerned were created. The items included in this supplemental report are classified as follows: additions to the general appropriation bill \$452,000, additions to the special appropriations, \$1,859,600.

In relation to the items included in the supplemental report, the State Board of Control earnestly recommends that if the revenue is available the same consideration be given to these requests as to the recommendations in the budget proper.

The elimination of graft, waste and extravagance in those departments where these evils existed and the increasing of efficiency have resulted in the saving of a vast sum annually to the State, the details of which will be set forth in a future report. The State's expenditures are now made under a system of rigid economy and are bringing proper returns. The sole question remaining is whether the institutions and departments are to go ahead or mark time.

The seven normal schools, the state university, the six hospitals, have all grown enormously and there has been a consequent increased demand for funds; the reform schools are now endeavoring to accomplish the purposes for which they were founded; the various state departments are striving for greater efficiency to keep pace with the

growing business of the State. Lack of money at this time may handicap the work so that in the future it will be difficult to recover lost ground.

GENERAL APPROPRIATIONS.

In relation to the items recommended to be included in the general appropriation bill, this Board has based its action consistently upon the statutes as they stand at the present time, recommending no amounts that are contingent upon changes in the laws. The exceptions to this rule are in the case of the State Library and several minor instances. No recommendations have been made for increases in statutory salaries, although the justice and wisdom of such increases in several instances were apparent.

Data covering increases which will be needed to carry on the work of different offices and boards as a consequence of amendments to the statutes which seem certain of passage is in possession of the State Board of Control and will be forwarded to your Excellency, together with a compilation of the data supporting every item included in the budget and the supplementary report of this Board.

LEGISLATIVE DEPARTMENT.

Under the head of legislative expense a decrease in the cost of printing amounting to \$10,000 has been carried into the budget. This is based on the fact that the State Printing Office, now operated on modern business principles, will make a saving of at least the amount specified.

JUDICIAL DEPARTMENT.

At the request of the justices of the Supreme Court, a reduction of \$2,800 is recommended in the amount made available for the expenses of the court under Section 47 of the Code of Civil Procedure.

GOVERNOR.

An increase of \$8,000 is recommended in the amount placed at the disposal of the Governor for the arrest of criminals without the State. The increase is recommended because it is apparent at this time that the amount now available will not be sufficient. It has been necessary for a number of years to allow deficiencies in this appropriation.

STATE BOARD OF CONTROL.

An increase of \$11,000 in the contingent fund of the Board is recommended to enable it to properly carry out its duties. This increase will permit the hiring, after competitive examinations, of juniors for the accounting department which, in spite of great difficulties, has accomplished much towards modernizing the archaic systems of accounting which were in vogue in the state institutions and departments. Many of the institutions had not had their accounts audited in fourteen years, and the accounts of some state departments were never audited. While

the increase asked will not equip the office to the capacity it should be run, yet it will meet the most urgent needs.

SECRETARY OF STATE.

The transfer of the amount made available for the purchase of ballot paper, \$10,000.00, to a special revolving fund for the same purpose is recommended.

The problem of adjusting the working force of the office is contingent upon legislative action on the corporation license department.

A decrease from \$10,000 to \$5,000 in the cost of the Blue Book is recommended. All useful and legitimate purposes of the book can be attained with the reduced sum.

A reduction in the printing fund is recommended. It is also earnestly recommended that the compilation and distribution of publications be transferred from this department to the State Library, where these duties logically belong.

These recommendations are made with the concurrence of the Secretary of State.

SUPERINTENDENT CAPITOL BUILDING AND GROUNDS.

Minor changes are recommended in addition to a recommendation of \$5,000 increase in the amount provided for the employment of gardeners and laborers.

CONTROLLER.

Recommendation is made of \$23,000 to cover the cost of collecting corporation taxes and \$2,500 for expenses of inheritance tax deputy, provided for in 1909 and 1911 by special appropriations.

NATIONAL GUARD.

Decreases aggregating \$30,000 are recommended in the amounts made available for the purchase of uniforms and for the expense of encampments. An increase of \$22,500 is recommended in the appropriation for the pay of enlisted men.

STATE PRINTER.

It is recommended that all items, with the exception of the salaries of the State Printer and his deputy, and a contingent fund of \$2,000 with an official printing appropriation of \$600, be charged to the plant as proper costs.

RAILROAD COMMISSION.

The request of the Railroad Commission for \$368,600 was decreased by \$25,000 simply because of lack of revenue. In the supplementary report of this Board is a recommendation that it be restored if possible. The necessity of reducing this appropriation aptly illustrates the reduced character of all figures in the general appropriation bill except those for actual feeding, clothing and care of dependent persons and criminals.

STATE BOARD OF FORESTRY.

An increase of \$10,000 in the support of this department is recommended and endorsement has been withheld from other requests which should certainly be granted if the State desires to benefit from the proper conservation and protection of its forests.

An appropriation of \$50,000 to be expended by this department in the institution of forest fire protection service is recommended in the supplementary report of this Board.

STATE HOSPITALS.

The appropriations recommended for support and salaries for the six state hospitals are based upon the lowest per capita cost in the history of these institutions. This per capita cost has been established during the last year, in spite of the fact that the superintendents have been permitted to recruit their staffs of skilled physicians and attendants to a higher average than ever before, and the additional fact that the food supplies purchased are of a higher quality and the general cost of living higher.

The result has been accomplished by the elimination of political influence from the institutions, the wiping out of graft in those institutions where it existed, the elimination of those contractors who bid on first-class goods and delivered inferior articles, the restoration of competition for the business of the hospitals, an increase in efficiency and the prompt payment of bills.

The appropriations based upon this low per capita cost are also based in addition upon the theory that the Legislature will approve the policy of requiring the hospitals to supplement their salary appropriations with one half of the amount collected by them for their contingent funds.

Provision has been made for an additional population in the hospitals of 1,100 persons, which is the minimum.

In the recommendations for the Napa and Stockton hospitals a deduction has been made for 100 patients each. Both of these institutions are now crowded beyond their capacity and the managements have been forced to use contingent and all other available funds in an endeavor to properly accommodate this increased population. It is recommended that at the beginning of the next fiscal year, the Lunacy Commission authorize and direct that 100 patients be taken from each of the Napa and Stockton hospitals and transferred to Agnews hospital, which has ample accommodations. Provision has been made in the recommendations for the increased population at Agnews.

The total increases in salary and support appropriations requested by the six hospitals was \$863,308. The increase recommended is \$372,687.

The requests were not extravagant but simply represented what the men in charge of these institutions considered necessary to properly care for the inmates and to attain the end for which the institutions were founded. One third of the requested amount was contingent upon the erection of new buildings.

The increase recommended will greatly improve conditions which have already been improved, but will not fully carry out the policy of caring for the insane along the most approved lines laid down by modern science.

NORMAL SCHOOLS.

The increase in the enrollment at the seven normal schools has been far beyond what was expected, causing a consequent demand for increased appropriations for support and maintenance. The requests of the schools aggregate \$888,650. The amount appropriated in 1911 was \$599,600. The increase asked was practically 50 per cent. The increase recommended is approximately 40 per cent.

PRISONS.

San Quentin Prison asked for no support appropriation. In 1911, \$450,000 was appropriated for the support of the institution. The prison was not required to repay to the general fund in the state treasury approximately one half of this appropriation which went into the cost of the jute mill. When this amount was returned to the prison from the sale of jute bags it was credited to the Prison Fund. In addition the Prison Fund has been supplemented by profits from the jute mill and from the manufacturing departments of the prison which have proved very profitable.

As a matter of state policy this Board recommends that the Prison Fund of San Quentin be deposited in the state treasury to the credit of the general fund, and that a proper appropriation be made for the support of the prison. It is also recommended that an adequate revolving fund be appropriated for the carrying on of the manufacturing departments, along the same lines as the revolving fund now in existence for the purchase of jute.

San Quentin Prison requested a salary appropriation of \$230,000. The sum of \$150,000 has been recommended for salaries, it being the opinion of the Board that with the sum now in the Prison Fund at least \$80,000 would be available to supplement the salary appropriation. If the Prison Fund should be paid into the general fund of the state treasury this Board would recommend that a sufficient salary appropriation be allowed.

Increases of \$64,000 and \$39,200, respectively, are recommended in the support and salary appropriations for Folsom Prison to take care of increase in population and afford means of inaugurating additional manufacturing departments.

This Board recommends that the Folsom State Prison Fund also be paid into the general fund of the state treasury and that an adequate revolving fund be provided in its place.

REFORM SCHOOLS.

The increases in general appropriation expenditures of the Preston School of Industry and of the Whittier State School are normal and nominal.

UNIVERSITY OF CALIFORNIA.

Because of the greatly increased scope of its work the University of California requested an increase of \$200,000 in its support appropriation. In its supplemental report this Board has recommended an increase of at least \$100,000.

To properly carry on the work of the Agricultural Department of the University on a greatly extended scale, a request for \$814,360 was made, being an increase of \$659,360. Within the limited revenue the State Board of Control has recommended a total appropriation for the general expenses of this department of \$400,000. In its supplemental report the Board has recommended an additional amount of \$100,000.

The proposed development of this department under the new conditions at the University is certainly entitled to substantial recognition.

STATE LIBRARY.

It is recommended that an appropriation of \$172,800 in addition to the salaries of librarian and assistants be made for the support of the State Library. Heretofore the library has been supported by a part of the fees collected by the Secretary of State's office. In 1911, through an error, the amount provided for support of the library was decreased from \$5,000 per month to \$3,500 per month, or \$84,000 for the two years. As a consequence the work has suffered, and the increased appropriation recommended will be necessary to bring the library up to anything like a proper standard.

STATE BOARD OF HEALTH.

A total increase of \$20,500 is recommended for the work of the State Board of Health under the general appropriation bill in the budget proper. An additional \$15,500 is recommended in the supplemental report of the Board. Ten thousand of this additional appropriation is recommended for the support of the Pure Food and Drug Laboratory which has become a most important department of the State Government. The Pure Food and Drug Laboratory to-day is the judge of the quality of all foods and drugs used in the state institutions. This policy was inaugurated fourteen months ago by the State Board of Control and the results have been eminently satisfactory.

BUREAU OF LABOR STATISTICS.

An increase of \$5,000 is recommended in the budget for the contingent expenses of the Labor Bureau. A supplemental increase of \$20,000 is also recommended to enable the bureau to successfully carry along the work of enforcing the several laws relating to working conditions which have been made effective principally through this agency.

INDUSTRIAL ACCIDENT BOARD.

The Industrial Accident Board which was provided for in a special appropriation in 1911 will require at least \$75,000 to carry on its work. A supplemental recommendation of \$10,000 is included for the work of the prevention of accidents department.

STATE AGRICULTURAL SOCIETY.

In the budget a total increase of general appropriation in the sum of \$14,360 is provided for the State Agricultural Society. In addition, this board has recommended a supplemental increase of \$20,000. There can be no question that if the State Fair is to fulfill its mission the additional sum will be needed.

SPECIAL APPROPRIATIONS.

In the matter of special appropriations entering into the budget the same rigid economy has governed as in connection with the general appropriations. The attention of your Excellency, however, is respectfully directed to the fact that the buildings of many of the institutions are antiquated and some of them are a danger to health.

While dealing principally with buildings needed, the special appropriations must also provide for repairs, replacement, equipment, acquisition of land, all special improvements, and all new institutions.

Every resource has been strained to provide proper accommodations for patients in the hospitals, for students in the normal schools and at the University, for the inmates of the different homes, for those confined in the prisons and reform schools, and for the departments of the government.

The amount recommended in the budget for special appropriations will be barely sufficient to keep the institutions and departments abreast of the increases which are certain. It will not be sufficient to provide for the modernizing of the institutions or for the making of improvements which common sense would dictate in private business.

Mindful of the limitations of the present tax system, the Board has confined its recommendations in the budget proper to the absolutely essential buildings and improvements. In its supplemental report it has designated certain appropriations which are essential from the standpoint of raising the institutions and departments of the government to a modern and efficient plane.

In addition to buildings and improvements, \$500,000 has been recommended as a special appropriation to provide for the issuance of free textbooks to the school children; and \$200,000 for the redemption of the promise of a building for the Panama-California Fair to be held at San Diego.

The special appropriations recommended for the budget proper are set forth by title.

SUPPLEMENTAL APPROPRIATIONS.

The principal of the supplemental special appropriations recommended for your consideration are:

Stockton Hospital.

For the acquisition of farm land adjoining the present state farm----- \$60,000 00
This land will eventually be essential to the maintenance of the hospital.

Elevator for the convenience of decrepit women patients, who seldom have the opportunity for enjoying the open air because of the difficulty of climbing flights of stairs to their ward----- \$6,000 00

Southern California Hospital.

Nurses' cottage, to provide a suitable habitation for the women nurses employed in the hospital----- \$30,000 00

For a new laundry to replace the present structure which is outgrown 20,000 00

For a suitable cottage for the superintendent----- 10,000 00

Sonoma State Home.

For a commissary building, where the supplies can be properly handled and dispensed, instead of the cellar in use at present----- \$20,000 00

For a school building and assembly hall to replace quarters which are entirely inadequate for the purposes----- 65,000 00

For one new additional cottage for male children----- 19,000 00

San José Normal School.

For a new Manual Training and Domestic Science building to replace shacks ----- \$75,000 00

Los Angeles Normal School.

For the purchase of land necessary to complete the school grounds-- \$10,000 00

Fresno Normal School.

For a class room building to be added to the units provided for in the budget ----- \$75,000 00

Santa Barbara Normal School.

For the acquisition of additional land not provided for in the budget-- \$9,500 00

California Polytechnic School.

For a water system and reservoir to replace temporary system provided for in budget----- \$33,000 00

For the purchase of live stock and poultry necessary for the proper instruction of students----- 5,000 00

For necessary farm machinery and implements----- 3,000 00

Veterans' Home.

For the construction of modern barracks to house companies of veterans who are now quartered in antiquated wooden structures-- \$100,000 00

For a modern dairy barn to replace a plant which is antiquated----- 7,500 00

Folsom Prison.

For the carrying on of the construction of the prison wall----- \$35,000 00

For the new laundry building and equipment to replace shack now in use ----- 12,000 00

San Quentin Prison.

For new cell house to supplement structure already completed----- \$100,000 00

Preston School of Industry.

For additional new cottage and equipment----- \$10,000 00

Whittier State School.

For a girls' trades building----- \$3,500 00

For a gymnasium for the boys who have now as their only play room a damp, cold collar with a concrete floor----- 21,000 00

For a girls' gymnasium----- 8,500 00

For detention quarters for boys----- 5,000 00

For detention quarters for girls----- 3,000 00

For a hospital for girls----- 10,000 00

New training school for girls.

To care for wayward girls along the same lines as wayward boys are cared for at Preston and Whittier. The only attention now given wayward girls is a department at Whittier..... \$200,000 00

University of California.

To indemnify university for replacement of building at Lick Observatory damaged in earthquake..... \$50,000 00

For small shops, fencing, etc., at Davis Farm..... 20,000 00

For a laboratory building at Riverside to enable the carrying on of instruction in citrus fruit culture and the improvement of the industry 100,000 00

For necessary barns, residences, etc., at the Riverside laboratory..... 25,000 00

State Agricultural Society.

For land needed to complete fair ground..... \$50,000 00

For extension of the Agricultural Building which has been found to be totally inadequate for the exhibits of the different counties..... 60,000 00

For Women's Building, there being no structure on the ground at the present time for the comfort of women or children or for the exhibition of women's work..... 40,000 00

For live stock barns and poultry sheds to replace present inadequate plant 15,000 00

For care and improvement of grounds..... 10,000 00

State Board of Health.

To supplement the fund of \$50,000.00 recommended in the budget proper as a contagious disease fund..... \$50,000 00

For the carrying on of the study of social hygiene..... 5,000 00

For the carrying on of the scientific study of tuberculosis..... 5,000 00

Miscellaneous.

For a road from Saratoga Junction into the California Redwood Park to open up this region to the people of the state and tourists..... \$100,000 00

For further construction on the Alpine State Highway upon which \$35,000 has already been expended..... 50,000 00

For the improvement of the Lake Tahoe road..... 10,000 00

For the maintenance of the San Francisco fire-boats..... 100,000 00

Flood Control.

Surveys and other necessary work..... \$15,000 00

Immigration Commission.

For expenses of commission to handle immigration certain to follow opening of Panama Canal..... \$50,000 00

California Civil Service Training School.

To maintain an institution either as a department of the University or separately to train students in governmental work..... \$40,000 00

Scripps Biological Institute.

To provide for the improvements, wharf, retaining wall and other necessary equipment at this institution which has heretofore and is now being supported by private subscription although deeded to the University of California..... \$33,600 00

Sixth District Agricultural Association.

To provide and maintain exhibits for the new structure built at a cost of \$250,000 which now stands idle. In the opinion of this board, however, steps should be taken to work out a plan upon which this building could be maintained without future cost to the state..... \$60,000 00

The recommendations for improvements and buildings contained in the budget are practically all based on carefully prepared estimates submitted by the State Engineering department which has rendered valuable assistance in the preparation of the budget.

Following are the recommendations for appropriations:

GENERAL APPROPRIATIONS.

| | 1911. | Requested 1913. | Increase or decrease. | Most urgent and necessary budget recommendations. | Recommendations, including supplementary items. |
|---|--------------|-----------------|-----------------------|---|---|
| <i>Legislative Department.</i> | | | | | |
| Salaries of senators and mileage..... | \$42,200 00 | \$42,200 00 | ----- | \$42,200 00 | |
| Pay of officers, etc., Senate..... | 37,500 00 | 37,500 00 | ----- | 37,500 00 | |
| Contingent expense, Senate..... | 12,500 00 | 12,500 00 | ----- | 12,500 00 | |
| Salaries of assemblymen and mileage..... | 83,500 00 | 83,500 00 | ----- | 83,500 00 | |
| Pay of officers, etc., Assembly..... | 37,500 00 | 37,500 00 | ----- | 37,500 00 | |
| Contingent expenses, Assembly..... | 15,000 00 | 15,000 00 | ----- | 15,000 00 | |
| Printing, etc., for legislature..... | 85,000 00 | 85,000 00 | ----- | 75,000 00 | |
| Totals..... | \$313,200 00 | \$313,200 00 | ----- | \$303,200 00 | \$303,200 00 |
| <i>Judicial Department.</i> | | | | | |
| Salaries of Justices of Supreme Court..... | \$112,000 00 | \$112,000 00 | ----- | \$112,000 00 | |
| Salaries of two secretaries..... | 9,600 00 | 10,800 00 | \$1,200 00 | 9,600 00 | |
| Salary of reporter of decisions..... | 5,000 00 | 5,000 00 | ----- | 5,000 00 | |
| Salary of assistant reporter of decisions..... | 4,800 00 | 4,800 00 | ----- | 4,800 00 | |
| Salary of librarian..... | 3,000 00 | 3,000 00 | ----- | 3,000 00 | |
| Salaries of two phonographic reporters..... | 10,800 00 | 10,800 00 | ----- | 10,800 00 | |
| Salaries of two bailiffs..... | 7,200 00 | 7,200 00 | ----- | 7,200 00 | |
| Expenses under section 47, Code of Civil Procedure..... | 50,800 00 | 48,000 00 | -2,800 00 | 48,000 00 | |
| Postage and contingent expenses, Supreme Court..... | 250 00 | 250 00 | ----- | 250 00 | |
| Subtotals..... | \$203,450 00 | \$201,850 00 | ----- | \$200,650 00 | |
| <i>Salary of Clerk of Supreme Court.</i> | | | | | |
| Salary of chief deputy..... | \$10,000 00 | \$10,000 00 | ----- | \$10,000 00 | |
| Salaries of six deputy clerks..... | 4,800 00 | 4,800 00 | ----- | 4,800 00 | |
| Salary of stenographer for clerk..... | 21,600 00 | 21,600 00 | ----- | 21,600 00 | |
| Salary of porter, clerk's office..... | 2,000 00 | 2,000 00 | ----- | 2,000 00 | |
| Postage and contingent expenses..... | 1,440 00 | 1,440 00 | ----- | 1,440 00 | |
| Printing, etc. | 4,000 00 | 4,000 00 | ----- | 4,000 00 | |
| | 2,500 00 | 2,500 00 | ----- | 2,500 00 | |
| Subtotals..... | \$46,340 00 | \$46,340 00 | ----- | \$46,340 00 | |

Judicial Department—Continued.

| | | | | | |
|--|--------------|-------|--------------|-------|--------------|
| Salaries of Justices of Courts of Appeal----- | \$126,000 00 | ----- | \$126,000 00 | ----- | \$126,000 00 |
| Salaries of three clerks, Courts of Appeal----- | 16,200 00 | ----- | 16,200 00 | ----- | 16,200 00 |
| Salaries of three deputy clerks, Courts of Appeal----- | 12,000 00 | ----- | 12,000 00 | ----- | 12,000 00 |
| Salaries of three phonographic reporters----- | 14,400 00 | ----- | 14,400 00 | ----- | 14,400 00 |
| Salaries of three bailiffs----- | 9,600 00 | ----- | 9,600 00 | ----- | 9,600 00 |
| Salaries of two porters, First and Second District Courts----- | 3,600 00 | ----- | 3,600 00 | ----- | 3,600 00 |
| Salary of one porter, Third District Court----- | 2,160 00 | ----- | 2,160 00 | ----- | 2,160 00 |
| Postage and contingent expenses of clerks----- | 3,000 00 | ----- | 3,000 00 | ----- | 3,000 00 |
| Printing, etc.----- | 3,000 00 | ----- | 3,000 00 | ----- | 3,000 00 |
| Rent, Second District Court----- | 8,000 00 | ----- | 8,000 00 | ----- | 8,000 00 |
| Subtotals----- | \$197,960 00 | ----- | \$197,960 00 | ----- | \$197,960 00 |
| Salaries of Judges of Superior Courts (one half)----- | \$485,000 00 | ----- | \$468,500 00 | ----- | \$468,500 00 |
| Totals----- | \$932,750 00 | ----- | \$914,650 00 | ----- | \$913,450 00 |
| <i>Governor's Office.</i> | | | | | |
| Salary of Governor----- | \$20,000 00 | ----- | \$20,000 00 | ----- | \$20,000 00 |
| Salary of private secretary----- | 10,000 00 | ----- | 10,000 00 | ----- | 10,000 00 |
| Salary of executive secretary----- | 7,200 00 | ----- | 7,200 00 | ----- | 7,200 00 |
| Salary of stenographer----- | 4,000 00 | ----- | 4,000 00 | ----- | 4,000 00 |
| Salary of messenger----- | 3,000 00 | ----- | 3,000 00 | ----- | 3,000 00 |
| Special contingent expenses----- | 10,000 00 | ----- | 10,000 00 | ----- | 10,000 00 |
| Postage, traveling and contingent expenses----- | 6,000 00 | ----- | 6,000 00 | ----- | 6,000 00 |
| Printing, etc.----- | 1,500 00 | ----- | 1,500 00 | ----- | 1,500 00 |
| Support of Governor's residence----- | 17,500 00 | ----- | 17,500 00 | ----- | 17,500 00 |
| Salary of watchman----- | 2,400 00 | ----- | 2,400 00 | ----- | 2,400 00 |
| Payment of rewards----- | 1,500 00 | ----- | 1,500 00 | ----- | 1,500 00 |
| Payment of rewards for illegal voting----- | 500 00 | ----- | 500 00 | ----- | 500 00 |
| Payment of rewards for highway robbers----- | 2,000 00 | ----- | 2,000 00 | ----- | 2,000 00 |
| Arresting criminals without state----- | 20,000 00 | ----- | 28,000 00 | ----- | 28,000 00 |
| Totals----- | \$105,600 00 | ----- | \$113,600 00 | ----- | \$113,600 00 |
| <i>Lieutenant Governor.</i> | | | | | |
| Salary of Lieutenant Governor----- | \$8,000 00 | ----- | \$8,000 00 | ----- | \$8,000 00 |

GENERAL APPROPRIATIONS—Continued.

| | 1911. | Requested 1913. | Increase or decrease. | Most urgent and necessary budget recommendations. | Recommendations, including supplementary items. |
|---|--------------|-----------------|-----------------------|---|---|
| <i>State Board of Control.</i> | | | | | |
| Salaries of members----- | \$24,000 00 | \$24,000 00 | ----- | \$24,000 00 | |
| Salary of secretary----- | 4,800 00 | 4,800 00 | ----- | 4,800 00 | |
| Salaries of three clerks----- | 10,800 00 | 10,800 00 | ----- | 10,800 00 | |
| Salaries of two stenographers----- | 6,000 00 | 6,000 00 | ----- | 6,000 00 | |
| Salary of messenger----- | 1,800 00 | 1,800 00 | ----- | 1,800 00 | |
| Salary of superintendent of accounts----- | 6,000 00 | 6,000 00 | ----- | 6,000 00 | |
| Salaries of two assistant superintendents of accounts----- | 10,800 00 | 10,800 00 | ----- | 10,800 00 | |
| Traveling and contingent expenses of board and accountants----- | 12,000 00 | 23,000 00 | \$11,000 00 | 23,000 00 | \$7,000 00 |
| Printing, binding, etc., various state offices----- | 4,500 00 | 4,500 00 | ----- | 4,500 00 | |
| Official advertising----- | 2,000 00 | 6,000 00 | 4,000 00 | 6,000 00 | |
| Purchase from Government of topographic maps----- | 2,000 00 | 1,000 00 | -1,000 00 | 1,000 00 | |
| Emergency fund----- | 75,000 00 | 75,000 00 | ----- | 75,000 00 | |
| Printing, etc., for Board of Control----- | 2,000 00 | 2,000 00 | ----- | 2,000 00 | |
| Totals----- | \$161,700 00 | \$175,700 00 | \$14,000 00 | \$175,700 00 | \$175,700 00 |
| <i>Secretary of State.</i> | | | | | |
| Salary of Secretary of State----- | \$10,000 00 | \$10,000 00 | ----- | \$10,000 00 | |
| Salary of deputy secretary of state----- | 6,000 00 | 6,000 00 | ----- | 6,000 00 | |
| Salary of bookkeeper----- | 4,800 00 | 4,800 00 | ----- | 4,800 00 | |
| Salary of corporation secretary----- | 5,600 00 | 5,600 00 | ----- | 5,600 00 | |
| Salary of statistician----- | 4,800 00 | 4,800 00 | ----- | 4,800 00 | |
| Salary of keeper of archives----- | 4,000 00 | 4,000 00 | ----- | 4,000 00 | |
| Salary of one recording clerk----- | 3,600 00 | 3,600 00 | ----- | 3,600 00 | |
| Salaries of five recording clerks----- | 16,000 00 | 16,000 00 | ----- | 16,000 00 | |
| Salary of one register clerk----- | 3,600 00 | 3,600 00 | ----- | 3,600 00 | |
| Salaries of two certificate clerks----- | 6,400 00 | 6,400 00 | ----- | 6,400 00 | |
| Salary of messenger----- | 1,800 00 | 1,800 00 | ----- | 1,800 00 | |
| Salary of porter----- | 1,440 00 | 1,440 00 | ----- | 1,440 00 | |
| Salaries of two special clerks, January 1st to May 1st----- | 1,000 00 | 1,000 00 | ----- | 1,000 00 | |
| Postage, expressage, telegraph----- | 8,000 00 | 8,000 00 | ----- | 8,000 00 | |

| | | | | |
|---|--------------|--------------|------------|--------------|
| Contingent and traveling expenses----- | 1,500 00 | 2,500 00 | \$1,000 00 | 2,500 00 |
| Printing, binding and ruling----- | 12,000 00 | 10,000 00 | -2,000 00 | 10,000 00 |
| Printing and binding constitutional amendments----- | 4,000 00 | 10,000 00 | 6,000 00 | 10,000 00 |
| Printing and binding Blue Book----- | 10,000 00 | 5,000 00 | 5,000 00 | 5,000 00 |
| Printing cigarette notices----- | 250 00 | | -250 00 | |
| Purchase of ballot paper----- | 15,000 00 | | -15,000 00 | |
| Corporation License Department-- | | | | |
| Salary of superintendent and cashier----- | 4,800 00 | 4,800 00 | | 4,800 00 |
| Salaries of two clerks----- | 7,200 00 | 7,200 00 | | 7,200 00 |
| Salaries of four clerks----- | 12,800 00 | 12,800 00 | | 12,800 00 |
| Salary of porter----- | 720 00 | 720 00 | | 720 00 |
| Salary of messenger----- | 1,200 00 | 1,200 00 | | 1,200 00 |
| Advertising delinquent corporations list----- | 2,000 00 | | -2,000 00 | |
| Postage and contingent expenses----- | 2,600 00 | 2,500 00 | -100 00 | 2,500 00 |
| Stationery and incidental expenses----- | 750 00 | | -750 00 | |
| Printing, binding and ruling----- | 4,300 00 | 4,300 00 | | 4,300 00 |
| Motor Vehicle Department-- | | | | |
| Salary of superintendent and cashier----- | 4,800 00 | 4,800 00 | | 4,800 00 |
| Salary of one clerk----- | 3,200 00 | 3,200 00 | | 3,200 00 |
| Badges and seals----- | 5,500 00 | 7,500 00 | 2,000 00 | 7,500 00 |
| Postage, expressage, etc----- | 1,500 00 | 2,000 00 | 500 00 | 2,000 00 |
| Stationery and incidental expenses----- | 500 00 | | -500 00 | |
| Printing, binding and ruling----- | 5,000 00 | 5,000 00 | | 5,000 00 |
| Salaries of three additional recording clerks (new)----- | | 9,600 00 | 9,600 00 | |
| Salary of assistant bookkeeper (new)----- | | 3,200 00 | 3,200 00 | |
| Salary of additional clerk, motor vehicle department (new)----- | | 3,200 00 | 3,200 00 | |
| Totals----- | \$176,660 00 | \$176,560 00 | -\$100 00 | \$160,560 00 |
| <i>Capitol Building and Grounds.</i> | | | | |
| Salary of Superintendent----- | \$6,000 00 | \$6,000 00 | | \$6,000 00 |
| Salary of clerk----- | 3,600 00 | 3,600 00 | | 3,600 00 |
| Salary of engineer----- | 3,600 00 | 3,600 00 | | 3,600 00 |
| Salary of assistant engineer (legislature)----- | 600 00 | 450 00 | -\$150 00 | 450 00 |
| Salary of fireman----- | 2,520 00 | 2,520 00 | | 2,520 00 |
| Salary of additional fireman (legislature)----- | 420 00 | 315 00 | -105 00 | 315 00 |
| Salary of electrician----- | 3,600 00 | 3,600 00 | | 3,600 00 |
| Salary of assistant electrician (legislature)----- | 600 00 | 450 00 | -150 00 | 450 00 |
| Salary of head porter----- | 2,400 00 | 2,400 00 | | 2,400 00 |

GENERAL APPROPRIATIONS—Continued.

| | 1911. | Requested 1913. | Increase or decrease. | Most urgent and necessary budget recommendations. | Recommendations including supplementary items. |
|---|--------------|-----------------|-----------------------|---|--|
| <i>Capitol Building and Grounds—Continued.</i> | | | | | |
| Salaries of six special policemen----- | \$15,840 00 | \$15,840 00 | ----- | \$15,840 00 | |
| Salaries of two elevator attendants----- | 4,320 00 | 4,320 00 | ----- | 4,320 00 | |
| Salaries of two elevator attendants (legislature)----- | 720 00 | 540 00 | -180 00 | 540 00 | |
| Salaries of two telephone operators----- | 2,880 00 | 2,880 00 | ----- | 2,880 00 | |
| Salaries of two telephone operators (legislature)----- | 720 00 | 480 00 | -240 00 | 480 00 | |
| Salary of one telephone operator (two months)----- | 240 00 | 120 00 | -120 00 | 120 00 | |
| Purchase of carpets and furniture----- | 2,000 00 | 2,000 00 | ----- | 2,000 00 | |
| Water for state capitol building and grounds----- | 3,600 00 | 3,600 00 | ----- | 3,600 00 | |
| Repairs to capitol building, fixtures, and furniture----- | 5,000 00 | 5,000 00 | ----- | 5,000 00 | |
| Stationery, fuel, lights and supplies for legislature and state offices----- | 20,000 00 | 28,000 00 | 8,000 00 | 22,200 00 | \$5,800 00 |
| Salary of head gardener----- | 3,600 00 | 3,600 00 | ----- | 3,600 00 | |
| Pay of gardeners, laborers, porters and other help in capitol building and grounds----- | 32,500 00 | 42,500 00 | 10,000 00 | 38,000 00 | \$4,500 00 |
| Lighting capitol grounds----- | 2,200 00 | ----- | -2,200 00 | ----- | |
| Purchase of implements and hose, care and improvement of grounds----- | 7,000 00 | 10,000 00 | 3,000 00 | 7,000 00 | |
| Traveling and contingent expenses----- | ----- | 240 00 | 240 00 | 240 00 | |
| Totals----- | \$123,960 00 | \$142,055 00 | \$18,095 00 | \$128,755 00 | \$128,755 00 |
| <i>Controller.</i> | | | | | |
| Salary of Controller----- | \$10,000 00 | \$10,000 00 | ----- | \$10,000 00 | |
| Salary of deputy controller----- | 6,000 00 | 6,000 00 | ----- | 6,000 00 | |
| Salary of bookkeeper----- | 4,800 00 | 4,800 00 | ----- | 4,800 00 | |
| Salary of expert----- | 4,000 00 | 4,800 00 | \$800 00 | 4,000 00 | |
| Salary of one clerk----- | 3,600 00 | 3,600 00 | ----- | 3,600 00 | |
| Salaries of three clerks----- | 9,600 00 | 9,600 00 | ----- | 9,600 00 | |
| Salary of statistician----- | 4,000 00 | 4,000 00 | ----- | 4,000 00 | |
| Salary of warrant registrar----- | 4,000 00 | 4,800 00 | 800 00 | 4,000 00 | |
| Salary of inheritance tax deputy----- | 4,800 00 | 6,000 00 | 1,200 00 | 4,800 00 | |
| Salary of stenographer----- | 2,400 00 | 3,000 00 | 600 00 | 2,400 00 | |
| Salary of porter----- | 1,440 00 | 1,440 00 | ----- | 1,440 00 | |

| | | | | |
|---|-------------|-------------|-------------|-------------|
| Postage, expressage and telegraph----- | 2,000 00 | 2,400 00 | 400 00 | 2,400 00 |
| Contingent and traveling expenses----- | 2,000 00 | 2,000 00 | ----- | 2,000 00 |
| Printing, binding and ruling----- | 5,500 00 | 5,500 00 | ----- | 5,500 00 |
| Expenses of collecting, compiling and printing county and municipal statistics----- | ----- | ----- | ----- | ----- |
| Expenses of inheritance tax department, including print- ing, traveling and contingent expenses----- | ----- | 2,000 00 | 2,000 00 | 2,000 00 |
| Corporation Tax Collection Department----- | ----- | 2,500 00 | 2,500 00 | 2,500 00 |
| Salaries of two clerks----- | ----- | 7,200 00 | 7,200 00 | 7,200 00 |
| Salaries of extra clerks (busy period)----- | ----- | 11,000 00 | 11,000 00 | 11,000 00 |
| Postage, express and telegraph----- | ----- | 3,000 00 | 3,000 00 | 3,000 00 |
| Printing, binding and ruling----- | ----- | 1,800 00 | 1,800 00 | 1,800 00 |
| Totals----- | \$64,140 00 | \$95,440 00 | \$31,300 00 | \$92,040 00 |
| <i>Surveyor General.</i> | | | | |
| Salary of Surveyor General----- | \$10,000 00 | \$10,000 00 | ----- | \$10,000 00 |
| Salary of deputy surveyor general----- | 6,000 00 | 6,000 00 | ----- | 6,000 00 |
| Salary of assistant surveyor general----- | 4,500 00 | 4,500 00 | ----- | 4,500 00 |
| Salaries of three clerks, Surveyor General's office----- | 10,800 00 | 10,800 00 | ----- | 10,800 00 |
| Salaries of three clerks, Register of State Land Office----- | 10,800 00 | 10,800 00 | ----- | 10,800 00 |
| Salary of porter----- | 960 00 | 960 00 | ----- | 960 00 |
| Postage, expressage and telegraph----- | 1,500 00 | 1,700 00 | \$200 00 | 1,700 00 |
| Contingent and traveling expenses----- | 1,000 00 | 1,000 00 | ----- | 1,000 00 |
| Purchase of and copying maps and records, and checking surveys----- | 4,800 00 | 4,800 00 | ----- | 4,800 00 |
| Traveling expenses of Surveyor General and Attorney Gen- eral when engaged in official business----- | 1,000 00 | 1,000 00 | ----- | 1,000 00 |
| Printing, binding, ruling, etc.----- | 1,500 00 | 1,700 00 | 200 00 | 1,700 00 |
| Totals----- | \$52,860 00 | \$53,260 00 | \$400 00 | \$53,260 00 |
| <i>State Treasurer.</i> | | | | |
| Salary of State Treasurer----- | \$10,000 00 | \$10,000 00 | ----- | \$10,000 00 |
| Salary of deputy state treasurer----- | 6,400 00 | 6,400 00 | ----- | 6,400 00 |
| Salary of cashier----- | 5,000 00 | 5,000 00 | ----- | 5,000 00 |
| Salary of bond officer----- | ----- | 5,000 00 | 5,000 00 | 5,000 00 |
| Salaries of two bookkeepers----- | 8,800 00 | 8,800 00 | ----- | 8,800 00 |
| Salary of stenographer----- | 2,400 00 | 3,000 00 | 600 00 | 2,400 00 |

GENERAL APPROPRIATIONS—Continued.

| | 1911. | Requested 1913. | Increase or decrease. | Most urgent and necessary budget recommendations. | Recommendations, including supplementary items. |
|---|-------------|-----------------|-----------------------|---|---|
| <i>State Treasurer—Continued.</i> | | | | | |
| Salaries of four watchmen----- | \$10,560 00 | \$10,560 00 | ----- | \$10,560 00 | |
| Salary of porter----- | 1,440 00 | 1,440 00 | ----- | 1,440 00 | |
| Contingent fund----- | 1,800 00 | 2,200 00 | 400 00 | 2,200 00 | |
| Printing, etc.----- | 1,800 00 | 1,900 00 | 300 00 | 1,900 00 | |
| Advertising sale of highway bonds----- | 10,000 00 | 2,000 00 | -8,000 00 | ----- | |
| Advertising sale of India Basin bonds----- | ----- | 600 00 | 600 00 | ----- | |
| Totals----- | \$58,000 00 | \$56,900 00 | -\$1,100 00 | \$53,700 00 | \$53,700 00 |
| <i>State Printer.</i> | | | | | |
| Salary of State Printer----- | \$10,000 00 | \$10,000 00 | ----- | \$10,000 00 | |
| Salary of deputy state printer----- | 4,800 00 | 4,800 00 | ----- | 4,800 00 | |
| Salary of copy editor----- | 3,600 00 | ----- | ----- | ----- | |
| Salary of watchman----- | 2,400 00 | ----- | -8,600 00 | ----- | |
| Postage, traveling and contingent expenses----- | 1,500 00 | 2,000 00 | 500 00 | 2,000 00 | |
| Lithographing, engraving, etc.----- | 5,000 00 | ----- | -5,000 00 | ----- | |
| Printing, binding and ruling----- | 700 00 | 600 00 | -100 00 | 600 00 | |
| Totals----- | \$28,000 00 | \$17,400 00 | -\$10,600 00 | \$17,400 00 | \$17,400 00 |
| <i>Attorney General.</i> | | | | | |
| Salary of Attorney General----- | \$12,000 00 | \$12,000 00 | ----- | \$12,000 00 | |
| Salary of assistant attorney general----- | 8,000 00 | 8,000 00 | ----- | 8,000 00 | |
| Salary of chief deputy----- | 8,000 00 | 8,000 00 | ----- | 8,000 00 | |
| Salaries of two deputies----- | 13,200 00 | 13,200 00 | ----- | 13,200 00 | |
| Salaries of three deputies----- | 18,000 00 | 18,000 00 | ----- | 18,000 00 | |
| Salaries of two clerks----- | 7,200 00 | 7,200 00 | ----- | 7,200 00 | |
| Salary of phonographic reporter----- | 3,600 00 | 3,600 00 | ----- | 3,600 00 | |
| Salaries of four stenographers----- | 9,600 00 | 9,600 00 | ----- | 9,600 00 | |
| Salary of porter----- | 900 00 | 900 00 | ----- | 900 00 | |
| Postage, expressage, telegraph and contingent expenses----- | 1,000 00 | 4,000 00 | ----- | 4,000 00 | |
| Traveling expenses----- | 1,000 00 | 1,000 00 | ----- | 1,000 00 | |

| | | | | | |
|---|--------------|--------------|-------|-------------|--------------|
| Costs and expenses where state is party in interest----- | | | | | |
| Office rent----- | 6,000 00 | 6,000 00 | ----- | ----- | 6,000 00 |
| Purchase of law books----- | 4,800 00 | 4,800 00 | ----- | ----- | 4,800 00 |
| Printing, binding and ruling----- | 2,000 00 | 2,000 00 | ----- | ----- | 2,000 00 |
| ----- | 6,000 00 | 6,000 00 | ----- | ----- | 6,000 00 |
| Totals----- | \$104,360 00 | \$104,360 00 | ----- | ----- | \$104,360 00 |
| <i>Superintendent of Public Instruction.</i> | | | | | |
| Salary of Superintendent of Public Instruction----- | \$10,000 00 | \$10,000 00 | ----- | ----- | \$10,000 00 |
| Salary of deputy superintendent----- | 4,800 00 | 4,800 00 | ----- | ----- | 4,800 00 |
| Salary of statistician----- | 4,800 00 | 4,800 00 | ----- | ----- | 4,800 00 |
| Salary of clerk and stenographer----- | 3,200 00 | 3,200 00 | ----- | ----- | 3,200 00 |
| Salary of text-book clerk----- | 3,200 00 | 3,200 00 | ----- | ----- | 3,200 00 |
| Salary of porter----- | 1,800 00 | 1,800 00 | ----- | ----- | 1,800 00 |
| Clerical assistance in distributing text-books----- | 400 00 | 400 00 | ----- | ----- | 400 00 |
| Postage, expressage and telegraph----- | 2,600 00 | 2,600 00 | ----- | ----- | 2,600 00 |
| Contingent and traveling expenses (including section 1532)----- | 3,600 00 | 3,600 00 | ----- | ----- | 3,600 00 |
| Printing, binding, etc.----- | 24,000 00 | 24,000 00 | ----- | ----- | 24,000 00 |
| Text-books for orphans----- | 5,000 00 | 5,000 00 | ----- | ----- | 5,000 00 |
| Totals----- | \$63,400 00 | \$63,400 00 | ----- | ----- | \$63,400 00 |
| <i>Joint Board of Normal School Trustees.</i> | | | | | |
| Traveling expenses of joint board----- | \$1,500 00 | \$1,000 00 | ----- | -\$500 00 | \$1,000 00 |
| <i>State Board of Education.</i> | | | | | |
| Traveling expenses of State Board of Education----- | \$1,500 00 | ----- | ----- | -\$1,500 00 | ----- |
| Printing, binding and ruling----- | 500 00 | ----- | ----- | -500 00 | ----- |
| Totals----- | \$2,000 00 | ----- | ----- | -\$2,000 00 | ----- |
| <i>National Guard.</i> | | | | | |
| Salary of Adjutant General----- | \$7,200 00 | \$7,200 00 | ----- | ----- | \$7,200 00 |
| Salary of assistant adjutant general----- | 6,000 00 | 6,000 00 | ----- | ----- | 6,000 00 |
| Salary of chief clerk----- | 3,800 00 | 3,800 00 | ----- | ----- | 3,800 00 |
| Salaries of three clerks----- | 10,200 00 | 10,200 00 | ----- | ----- | 10,200 00 |
| Salary of clerk and stenographer----- | 3,000 00 | 3,000 00 | ----- | ----- | 3,000 00 |
| Salary of military storekeeper----- | 2,400 00 | 2,400 00 | ----- | ----- | 2,400 00 |

GENERAL APPROPRIATIONS—Continued.

| | 1911. | Requested 1913. | Increase or decrease. | Most urgent and necessary budget recommendations. | Recommendations, including supplementary items. |
|--|--------------|-----------------|-----------------------|---|---|
| <i>National Guard—Continued.</i> | | | | | |
| Salary of assistant military storekeeper | \$1,800 00 | \$1,800 00 | ----- | \$1,800 00 | |
| Postage, expressage and telegraph | 1,600 00 | 2,000 00 | \$400 00 | 2,000 00 | |
| Care of state armory, cleaning and transportation of arms | 6,000 00 | 7,000 00 | 1,000 00 | 7,000 00 | |
| Target practice and purchase of medals | 20,000 00 | 22,000 00 | 2,000 00 | 20,000 00 | \$2,000 00 |
| Allowance for brigade headquarters | 4,800 00 | 4,800 00 | ----- | 4,800 00 | |
| Allowance for regimental headquarters, including band | 30,000 00 | 29,400 00 | -600 00 | 29,400 00 | |
| Armory rentals and other expenses | 225,000 00 | 273,200 00 | 48,200 00 | 225,000 00 | \$20,000 00 |
| Traveling expenses and per diem of officers | 10,000 00 | 10,000 00 | ----- | 10,000 00 | |
| Hospital supplies | 1,000 00 | 1,000 00 | ----- | 1,000 00 | |
| Furnishing coal and other supplies and repairs to training ships | 7,000 00 | 8,000 00 | 1,000 00 | 8,000 00 | |
| Purchase of uniforms and equipment | 30,000 00 | 20,000 00 | -10,000 00 | 10,000 00 | |
| Expenses of court-martial and contingent expenses | 1,000 00 | 1,000 00 | ----- | 1,000 00 | |
| Expenses of encampments | 30,000 00 | 30,000 00 | ----- | 20,000 00 | |
| Pay of enlisted men at maneuvers (section 2076) | 37,500 00 | 75,000 00 | 37,500 00 | 60,000 00 | |
| Allowance of surgeon general | 600 00 | 1,200 00 | 600 00 | 600 00 | |
| Allowance of officers (section 2078) | 15,000 00 | 16,000 00 | 1,000 00 | 15,000 00 | |
| Printing, binding, etc. | 6,000 00 | 6,000 00 | ----- | 6,000 00 | |
| Purchase of horses for military organizations | ----- | 10,000 00 | 10,000 00 | ----- | |
| Feed and care of horses | ----- | 30,000 00 | 30,000 00 | ----- | |
| Totals | \$459,900 00 | \$581,000 00 | \$121,100 00 | \$454,200 00 | \$454,200 00 |
| <i>State Library.</i> | | | | | |
| Salary of State Librarian | \$7,200 00 | \$7,200 00 | ----- | \$7,200 00 | |
| Salaries of two deputy librarians | 7,200 00 | 7,200 00 | ----- | 7,200 00 | |
| Support and maintenance | ----- | 157,300 00 | \$157,300 00 | ----- | |
| Salaries | ----- | 105,360 00 | 105,360 00 | ----- | |
| Support, salaries and maintenance of state library, including printing | ----- | ----- | ----- | 172,800 00 | \$10,000 00 |
| Totals | \$14,400 00 | \$277,060 00 | \$262,660 00 | \$187,200 00 | \$187,200 00 |

State Board of Health.

| | | | | |
|---|--------------|--------------|-------------|--------------|
| Salary of secretary----- | \$7,200 00 | \$10,000 00 | \$2,800 00 | \$7,200 00 |
| Salary of assistant secretary----- | 4,800 00 | 4,800 00 | ----- | 4,800 00 |
| Salary of attorney----- | 6,000 00 | 6,000 00 | ----- | 6,000 00 |
| Salary of engineer-inspector (vetoed)----- | \$1,800 | | | |
| For equipment and supplies for engineer-inspector (vetoed)----- | 800 | | | |
| Salary of sanitary chemist (vetoed)----- | 3,000 | | | |
| Salary of statistician----- | 4,800 00 | 4,800 00 | ----- | 4,800 00 |
| Salary of deputy statistician----- | 3,200 00 | 3,200 00 | ----- | 3,200 00 |
| Salaries of two copyists----- | 3,600 00 | 3,600 00 | ----- | 3,600 00 |
| For payment of fees, report on occupational diseases----- | 400 00 | 1,000 00 | 600 00 | 600 00 |
| Salary of clerk----- | 3,200 00 | 3,200 00 | ----- | 3,200 00 |
| Salary of director of pure food and drugs laboratory----- | 8,000 00 | 7,200 00 | -800 00 | 6,000 00 |
| Salary of assistant director of pure food and drugs laboratory----- | 3,600 00 | 3,600 00 | ----- | 3,000 00 |
| Traveling and contingent expenses----- | 6,000 00 | 7,500 00 | 1,500 00 | 7,500 00 |
| Support of state hygienic laboratory for bacteriological work----- | 20,000 00 | 31,340 00 | 11,340 00 | 20,000 00 |
| Support of pure food and drugs laboratory----- | 30,000 00 | 58,800 00 | 28,800 00 | 35,000 00 |
| Sanitary work in oriental ports (vetoed)----- | 6,000 00 | 15,000 00 | 9,000 00 | 8,000 00 |
| Printing, binding and ruling----- | ----- | 6,000 00 | 6,000 00 | 6,000 00 |
| Salary of director of hygienic laboratory (new)----- | ----- | 3,200 00 | 3,200 00 | ----- |
| Salary of assistant statistician (morbidity)----- | ----- | 7,200 00 | 7,200 00 | 6,000 00 |
| Salary of sanitary engineer----- | ----- | 3,000 00 | 3,000 00 | ----- |
| Salary of investigation assistant----- | ----- | 2,400 00 | 2,400 00 | 2,400 00 |
| Salary of stenographer----- | ----- | 1,800 00 | 1,800 00 | ----- |
| Salary of janitor----- | ----- | 3,600 00 | 3,600 00 | ----- |
| Salary of assistant director of hygienic laboratory----- | ----- | 2,000 00 | 2,000 00 | ----- |
| Expenses of engineering division----- | ----- | | | ----- |
| Totals----- | \$106,800 00 | \$188,740 00 | \$81,940 00 | \$127,300 00 |
| <i>Insurance Commissioner.</i> | | | | |
| Salary of Insurance Commissioner----- | \$8,000 00 | \$8,000 00 | ----- | \$8,000 00 |
| Salary of deputy Insurance commissioner----- | 5,400 00 | 5,400 00 | ----- | 5,400 00 |
| Totals----- | \$13,400 00 | \$13,400 00 | ----- | \$13,400 00 |

GENERAL APPROPRIATIONS—Continued.

| | 1911. | Requested 1913. | Increase or decrease. | Most urgent and necessary budget recommendations. | Recommendations, including supplementary items. |
|---|----------------|-----------------|-----------------------|---|---|
| <i>Railroad Commission.</i> | | | | | |
| Civil executive officers | | \$31,600 00 | | | |
| Salaries of commissioners | \$36,000 00 | | | \$60,000 00 | |
| Salary of secretary | 7,200 00 | | | | |
| Salary of assistant secretary | 3,600 00 | | | | |
| Salary of rate expert | 6,000 00 | | | 21,600 00 | |
| Salary of stenographer | 2,400 00 | | | | |
| Office rent | 4,800 00 | | | | |
| Fuel, lights, postage, expressage and incidentals | 4,800 00 | | | | |
| Traveling and contingent expenses | 20,000 00 | | | | |
| Appropriation for expense of carrying on work of commission, including contingent expenses and printing | | 287,000 00 | | 262,000 00 | \$25,000 00 |
| Totals | \$84,800 00 | \$368,000 00 | \$283,800 00 | \$343,600 00 | \$313,600 00 |
| <i>Code Commission.</i> | | | | | |
| Salaries and expenses | \$5,510 00 | | —\$5,510 00 | | |
| <i>Hospitals for Insane.</i> | | | | | |
| Support of Stockton hospital | \$362,500 00 | \$425,000 00 | \$62,500 00 | \$406,620 00 | |
| Salaries, Stockton hospital | 306,000 00 | 351,720 00 | 45,720 00 | 311,620 00 | |
| Support of Napa hospital | 350,000 00 | 437,500 00 | 87,500 00 | 378,750 00 | |
| Salaries, Napa hospital | 306,000 00 | 382,500 00 | 76,500 00 | 282,700 00 | |
| Support of Agnews hospital | 200,000 00 | 319,000 00 | 119,000 00 | 321,080 00 | |
| Salaries, Agnews hospital | 200,000 00 | 268,500 00 | 68,500 00 | 207,580 00 | |
| Support of Mendocino hospital | 210,000 00 | 256,000 00 | 46,000 00 | 239,600 00 | |
| Salaries, Mendocino hospital | 160,000 00 | 180,000 00 | 20,000 00 | 178,160 00 | |
| Support of Southern California hospital | 346,500 00 | 480,000 00 | 133,500 00 | 450,975 00 | |
| Salaries, Southern California hospital | 220,000 00 | 312,088 00 | 92,088 00 | 239,216 00 | |
| Support of Sonoma hospital | 225,000 00 | 312,000 00 | 87,000 00 | 237,710 00 | |
| Salaries, Sonoma hospital | 175,000 00 | 200,000 00 | 25,000 00 | 179,676 00 | |
| Support of Folsom hospital | 6,000 00 | 12,000 00 | 6,000 00 | 12,000 00 | |
| Salaries, Folsom hospital | 6,000 00 | 12,000 00 | 6,000 00 | 12,000 00 | |
| Totals | \$3,073,000 00 | \$3,918,308 00 | \$875,308 00 | \$3,457,687 00 | \$3,457,687 00 |

| | | | | |
|---|----------------|--------------|---------------|--------------|
| <i>Lunacy Commission.</i> | | | | |
| Salaries of officers, employees and superintendent----- | \$37,500 00 | \$36,000 00 | -\$1,500 00 | \$36,000 00 |
| Traveling and contingent expenses----- | 5,000 00 | 5,000 00 | ----- | 5,000 00 |
| Printing, binding and ruling----- | 5,500 00 | 7,000 00 | 1,500 00 | 6,000 00 |
| Totals----- | \$48,000 00 | \$48,000 00 | ----- | \$47,000 00 |
| <i>Institution for Deaf and Blind.</i> | | | | |
| Support of Institution for Deaf and Blind----- | \$50,000 00 | \$60,000 00 | \$10,000 00 | \$60,000 00 |
| Salaries of officers and employees----- | 105,000 00 | 132,600 00 | 27,600 00 | 130,000 00 |
| Printing----- | 600 00 | 600 00 | ----- | 600 00 |
| Totals----- | \$155,600 00 | \$193,200 00 | \$37,600 00 | \$190,600 00 |
| <i>Industrial Home for Adult Blind.</i> | | | | |
| Support of Industrial Home for Adult Blind----- | \$38,000 00 | \$38,000 00 | ----- | \$38,000 00 |
| Salaries of officers and employees----- | 24,000 00 | 25,000 00 | \$1,000 00 | 25,000 00 |
| Printing----- | 400 00 | 500 00 | 100 00 | 500 00 |
| Totals----- | \$62,400 00 | \$63,500 00 | \$1,100 00 | \$63,500 00 |
| <i>State Prisons.</i> | | | | |
| Support of San Quentin----- | \$450,000 00 | ----- | -\$450,000 00 | ----- |
| Salaries, San Quentin----- | 220,000 00 | \$230,000 00 | 10,000 00 | \$150,000 00 |
| Printing, binding and ruling----- | 2,500 00 | 1,000 00 | -1,500 00 | 1,000 00 |
| Support of Folsom----- | 200,000 00 | 264,000 00 | 64,000 00 | 250,000 00 |
| Salaries, Folsom----- | 160,800 00 | 200,000 00 | 39,200 00 | 195,000 00 |
| Printing, binding and ruling----- | 2,500 00 | 2,500 00 | ----- | 2,000 00 |
| Printing for prison directors----- | 500 00 | 500 00 | ----- | 500 00 |
| Parole work (vetoed)----- | \$5,000 00 | 30,000 00 | 30,000 00 | ----- |
| Totals----- | \$1,036,300 00 | \$728,000 00 | -\$308,300 00 | \$598,500 00 |
| <i>Preston and Whittier.</i> | | | | |
| Support of Preston----- | \$140,000 00 | \$155,330 00 | \$15,330 00 | \$155,330 00 |
| Salaries, Preston----- | 117,000 00 | 130,560 00 | 13,560 00 | 130,560 00 |
| Salary of parole officer----- | 5,000 00 | ----- | -5,000 00 | ----- |
| Library----- | 750 00 | ----- | -750 00 | ----- |
| Support of Whittier----- | 130,000 00 | 135,000 00 | 5,000 00 | 135,000 00 |
| Salaries, Whittier----- | 120,000 00 | 130,000 00 | 10,000 00 | 130,000 00 |

REPORT OF THE STATE BOARD OF CONTROL.

GENERAL APPROPRIATIONS—Continued.

| | 1911. | Requested 1913. | Increase or decrease. | Most urgent and necessary budget recommendations. | Recommendations, including supplementary items. |
|--|--------------|-----------------|-----------------------|---|---|
| <i>Preston and Whittier—Continued.</i> | | | | | |
| Salary of parole officer----- | \$5,000 00 | | -\$5,000 00 | | |
| Library----- | 750 00 | | -750 00 | | |
| Totals----- | \$518,500 00 | \$550,890 00 | \$32,390 00 | \$550,890 00 | \$550,890 00 |
| <i>Transportation Expenses.</i> | | | | | |
| Transportation of prisoners, insane, delinquents, feeble-minded, etc.----- | | | | | |
| Totals----- | \$195,000 00 | \$200,000 00 | \$5,000 00 | \$200,000 00 | \$200,000 00 |
| <i>University of California.</i> | | | | | |
| Support and maintenance (Chap. 143, 1901)----- | \$200,000 00 | \$400,000 00 | \$200,000 00 | \$200,000 00 | \$100,000 00 |
| Maintenance, department of music----- | 6,000 00 | | -6,000 00 | | |
| Support and maintenance (Chap. 278, 1905)----- | 40,000 00 | * | -40,000 00 | | |
| Printing, binding and ruling----- | 12,000 00 | 12,000 00 | | 12,000 00 | |
| Totals----- | \$258,000 00 | \$412,000 00 | \$154,000 00 | \$212,000 00 | \$212,000 00 |
| <i>University Farm and School of Agriculture.</i> | | | | | |
| Salaries of officers, instructors and employees of University Farm and Agricultural School at Davis----- | \$60,000 00 | | | | |
| Support and maintenance of farm and school----- | 50,000 00 | | | | |
| Care and improvement of grounds----- | 5,000 00 | | | | |
| Support and maintenance (Chap. 278, 1905)----- | | \$814,360 00 | \$699,360 00 | \$400,000 00 | \$100,000 00 |
| Totals----- | \$115,000 00 | | | \$400,000 00 | \$100,000 00 |
| <i>State Normal Schools.</i> | | | | | |
| Support of San Jose----- | \$15,000 00 | \$18,000 00 | \$3,000 00 | \$18,000 00 | \$18,000 00 |
| Salaries, San Jose----- | 124,000 00 | 145,000 00 | 21,000 00 | 145,000 00 | 145,000 00 |
| Care and improvement of grounds----- | 6,000 00 | 6,000 00 | | 6,000 00 | 6,000 00 |
| Library, museum and purchase of apparatus----- | 3,000 00 | 5,000 00 | 2,000 00 | 4,500 00 | 4,500 00 |
| Printing, binding and ruling----- | 900 00 | 1,500 00 | 600 00 | 1,500 00 | 1,500 00 |
| Support of Los Angeles----- | 15,000 00 | 20,000 00 | 5,000 00 | 20,000 00 | 20,000 00 |

| | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| Salaries, Los Angeles----- | 143,000 00 | 222,000 00 | 79,000 00 | 200,000 00 | \$12,000 00 |
| Care and improvement of grounds----- | 3,000 00 | 7,600 00 | 4,600 00 | 7,000 00 | |
| Library, museum----- | 5,000 00 | 7,000 00 | 2,000 00 | 5,000 00 | |
| Printing, binding and ruling----- | 900 00 | 2,000 00 | 1,100 00 | 1,800 00 | |
| Support of Chico----- | 7,000 00 | 7,500 00 | 500 00 | 7,500 00 | |
| Salaries of officers, etc.----- | 77,500 00 | 85,000 00 | 7,500 00 | 85,000 00 | |
| Care and improvement----- | 3,500 00 | 3,500 00 | | 3,500 00 | |
| Library, museum, etc.----- | 2,000 00 | 2,200 00 | 200 00 | 2,200 00 | |
| Printing, binding and ruling----- | 900 00 | 1,000 00 | 100 00 | 1,000 00 | |
| Support of San Diego----- | 7,500 00 | 9,500 00 | 2,000 00 | 8,500 00 | |
| Salaries, San Diego----- | 77,500 00 | 98,000 00 | 20,500 00 | 90,000 00 | |
| Library, museum, etc.----- | 3,000 00 | 3,750 00 | 750 00 | 3,000 00 | |
| Care and improvement of grounds----- | 3,000 00 | 4,800 00 | 1,800 00 | 4,000 00 | |
| Printing, binding and ruling----- | 900 00 | 1,800 00 | 900 00 | 1,200 00 | |
| Support of San Francisco----- | 7,000 00 | 7,500 00 | 500 00 | 7,500 00 | |
| Salaries, San Francisco----- | 66,000 00 | 80,000 00 | 14,000 00 | 80,000 00 | |
| Care and improvement of grounds----- | 1,000 00 | 1,000 00 | | 1,000 00 | |
| Library, etc.----- | 1,500 00 | 2,000 00 | 500 00 | 2,000 00 | |
| Printing, binding and ruling----- | 900 00 | 1,500 00 | 600 00 | 1,200 00 | |
| Support of Santa Barbara----- | 600 00 | 4,500 00 | 3,900 00 | 3,500 00 | |
| Salaries, Santa Barbara----- | 23,300 00 | 68,800 00 | 45,500 00 | 57,000 00 | |
| Care and improvement of grounds----- | 1,000 00 | 1,000 00 | | 1,000 00 | |
| Library----- | 300 00 | 600 00 | 300 00 | 600 00 | |
| Printing, binding and ruling----- | 400 00 | 600 00 | 200 00 | 600 00 | |
| Support of Fresno----- | | 5,750 00 | 5,750 00 | 5,750 00 | |
| Salaries, Fresno----- | | 65,000 00 | 65,000 00 | 62,000 00 | |
| Care and improvement of grounds----- | | | | | |
| Library----- | | 1,500 00 | 1,500 00 | 1,500 00 | |
| Printing, binding and ruling----- | | 750 00 | 750 00 | 750 00 | |
| Totals----- | \$600,600 00 | \$891,650 00 | \$291,050 00 | \$839,100 00 | \$839,100 00 |
| <i>California Polytechnic School.</i> | | | | | |
| Support and maintenance, including purchase of stock and equipment for farm and laboratories----- | | | | | |
| Salaries----- | \$25,000 00 | \$28,800 00 | \$3,800 00 | \$28,800 00 | |
| Care and improvement of grounds----- | 60,000 00 | 70,000 00 | 10,000 00 | 70,000 00 | |
| Library----- | 6,000 00 | 8,000 00 | 2,000 00 | 7,000 00 | |
| | 1,500 00 | 1,700 00 | 200 00 | 1,500 00 | |

*See College of Agriculture.

GENERAL APPROPRIATIONS—Continued.

| | 1911. | Requested 1913. | Increase or decrease. | Most urgent and necessary budget recommendations. | Recommendations, including supplementary items. |
|---|-------------|-----------------|-----------------------|---|---|
| <i>California Polytechnic School—Continued.</i> | | | | | |
| Expenses of trustees----- | \$800 00 | ----- | -\$800 00 | ----- | ----- |
| Printing, binding and ruling----- | 900 00 | \$1,500 00 | 600 00 | \$1,200 00 | ----- |
| Totals----- | \$94,200 00 | \$110,000 00 | \$15,800 00 | \$108,500 00 | \$108,500 00 |
| <i>Board of Equalization.</i> | | | | | |
| Salaries of members----- | ----- | ----- | ----- | ----- | ----- |
| Salaries of clerk----- | \$32,000 00 | \$32,000 00 | ----- | \$32,000 00 | ----- |
| Salary of porter----- | 6,000 00 | 6,000 00 | ----- | 6,000 00 | ----- |
| Postage, express, telegrams, contingent----- | 960 00 | 960 00 | ----- | 960 00 | ----- |
| Clerical and expert assistance, printing, postage and all other expenses involved in making assessment of taxes (under Sec. 14, Art. XIII)----- | 1,000 00 | 1,000 00 | ----- | 1,000 00 | ----- |
| Traveling, contingent and clerical expenses (Sec. 3702)----- | 36,000 00 | 36,000 00 | ----- | 36,000 00 | ----- |
| Printing, binding and ruling----- | 12,000 00 | 12,000 00 | ----- | 12,000 00 | ----- |
| ----- | 5,000 00 | 5,000 00 | ----- | 5,000 00 | ----- |
| Totals----- | \$92,960 00 | \$92,960 00 | ----- | \$92,960 00 | ----- |
| <i>State Board of Forestry.</i> | | | | | |
| Salary of State Forester----- | \$6,000 00 | \$7,200 00 | \$1,200 00 | \$6,000 00 | ----- |
| Salary of deputy state forester----- | 3,600 00 | 4,800 00 | 1,200 00 | 3,600 00 | ----- |
| Salary of assistant state forester----- | 3,200 00 | 3,600 00 | 400 00 | 3,200 00 | ----- |
| Support of State Board of Forestry, including field and traveling expenses----- | ----- | ----- | ----- | ----- | ----- |
| Printing, binding and ruling----- | 15,000 00 | 25,000 00 | 10,000 00 | 25,000 00 | ----- |
| Fire protection (new)----- | 2,500 00 | 7,500 00 | 5,000 00 | 4,500 00 | ----- |
| Forest experimental station (new)----- | ----- | 132,500 00 | 132,500 00 | ----- | ----- |
| Salary experimental station director (new)----- | ----- | 4,500 00 | 4,500 00 | ----- | ----- |
| Support of experimental station (new)----- | ----- | \$2,400 00 | \$2,400 00 | ----- | ----- |
| Salaries two (2) forest inspectors (new)----- | ----- | 6,000 00 | 6,000 00 | ----- | ----- |
| Salary entomologist (new)----- | ----- | 6,000 00 | 6,000 00 | ----- | ----- |
| ----- | ----- | 3,200 00 | 3,200 00 | ----- | ----- |
| Totals----- | \$30,300 00 | \$202,700 00 | \$172,400 00 | \$42,300 00 | \$42,300 00 |
| | | | | | \$1,500 00 |
| | | | | | \$50,000 00 |

| | | | |
|---|--------------|-------------|--------------|
| <i>State Engineering Department.</i> | | | |
| Salaries three appointed members----- | \$21,600 00 | ----- | \$21,600 00 |
| Salary of State Engineer----- | 15,000 00 | \$5,000 00 | 10,000 00 |
| Salary of highway engineer----- | 20,000 00 | ----- | 20,000 00 |
| Salaries of two (2) assistant state engineers----- | 12,000 00 | ----- | 12,000 00 |
| Salary of one (1) first assistant state engineer (new)----- | 7,200 00 | 7,200 00 | 9,600 00 |
| Salary of state architect----- | 12,000 00 | 2,400 00 | 4,800 00 |
| Salary of state designer----- | 4,800 00 | -4,800 00 | ----- |
| Salaries of three (3) architectural draughtsmen----- | 12,000 00 | 4,000 00 | 12,000 00 |
| Salary of one (1) architectural draughtsman (new)----- | 4,000 00 | ----- | 8,000 00 |
| Salaries of two (2) engineer draughtsmen----- | 8,000 00 | ----- | ----- |
| Salary of one (1) engineer draughtsman----- | 4,000 00 | 4,000 00 | 4,200 00 |
| Salary of one (1) testing engineer----- | 4,200 00 | ----- | 5,400 00 |
| Salary of one (1) mechanical engineer----- | 5,400 00 | ----- | ----- |
| Salary of one (1) electrical engineer (new)----- | 4,800 00 | 4,800 00 | ----- |
| Salaries of two (2) bookkeepers (new)----- | 7,800 00 | 7,800 00 | 7,200 00 |
| Salaries of two (2) filing clerks----- | 3,000 00 | -4,200 00 | 3,000 00 |
| Salary of blue-print pressman----- | 4,800 00 | -3,000 00 | 4,800 00 |
| Salary of secretary to State Engineer----- | 6,000 00 | ----- | 6,000 00 |
| Salaries of two (2) clerks and stenographers----- | 2,400 00 | 2,400 00 | ----- |
| Salary of one (1) clerk and stenographer (new)----- | 1,800 00 | ----- | 1,800 00 |
| Salary of porter and messenger----- | 20,000 00 | 5,000 00 | 25,000 00 |
| Expense of contingent and traveling----- | 5,000 00 | ----- | 5,000 00 |
| Maintenance, printing, binding and ruling----- | 5,000 00 | ----- | 5,000 00 |
| Improvement and maintenance Mono Lake Basin road----- | 12,000 00 | -2,000 00 | 10,000 00 |
| Improvement and maintenance of Sonora and Mono road----- | 10,000 00 | 15,000 00 | 15,000 00 |
| Improvement and maintenance of Lake Tahoe wagon road----- | 8,000 00 | 8,000 00 | 8,000 00 |
| Improvement and maintenance of Emigrant Gap highway----- | 4,000 00 | 4,000 00 | 4,000 00 |
| Improvement and maintenance of King's River highway----- | ----- | ----- | ----- |
| Totals----- | \$182,400 00 | \$55,600 00 | \$202,400 00 |
| <i>California Redwood Park Commission.</i> | | | |
| For improvement and maintenance----- | \$10,000 00 | ----- | \$10,000 00 |
| <i>State Dairy Bureau.</i> | | | |
| Support (including appropriation made by Chap. 75, Stats. 1897)----- | \$40,000 00 | \$10,016 00 | \$45,000 00 |
| Totals----- | \$40,000 00 | \$10,016 00 | \$45,000 00 |

GENERAL APPROPRIATIONS—Continued.

| | 1911. | Requested 1913. | Increase or decrease. | Most urgent and necessary budget recommendations. | Recommendations, including supplementary items. |
|--|-------------|-----------------|-----------------------|---|---|
| <i>Bureau of Labor Statistics.</i> | | | | | |
| Salary of Commissioner..... | \$6,000 00 | \$8,000 00 | \$2,000 00 | \$6,000 00 | |
| Salary of deputy commissioner..... | 4,800 00 | 4,800 00 | ----- | 4,800 00 | |
| Salary of deputy commissioner (Los Angeles)..... | 4,800 00 | 4,800 00 | 4,800 00 | 4,800 00 | |
| Salary of assistant deputy commissioner..... | 4,200 00 | 4,200 00 | ----- | 4,200 00 | |
| Salary of statistician..... | 4,200 00 | 4,800 00 | 600 00 | 4,200 00 | |
| Salary of stenographer and clerk..... | 2,400 00 | 3,000 00 | 600 00 | 2,400 00 | |
| Office rent..... | 3,600 00 | 6,000 00 | 2,400 00 | 3,600 00 | |
| Salaries assistants, traveling and contingent expenses (Chap. 42, 1909)..... | 15,000 00 | 87,000 00 | 72,000 00 | 20,000 00 | \$20,000 00 |
| Printing, binding and ruling..... | 6,000 00 | 6,000 00 | ----- | 6,000 00 | |
| Totals..... | \$46,200 00 | \$128,600 00 | \$82,400 00 | \$56,000 00 | \$56,000 00 |
| <i>State Mining Bureau.</i> | | | | | |
| Salary of State Mineralogist..... | \$6,000 00 | \$6,000 00 | ----- | \$6,000 00 | |
| Support of bureau (including salaries)..... | 4,000 00 | 40,000 00 | ----- | 30,000 00 | |
| Printing, binding and ruling..... | ----- | 10,000 00 | \$6,000 00 | 4,000 00 | |
| Preparation general report..... | ----- | 39,000 00 | 39,000 00 | ----- | |
| Special work on Mother Lode..... | ----- | 2,000 00 | 2,000 00 | ----- | |
| Special work on iron deposits..... | ----- | 2,500 00 | 2,500 00 | ----- | |
| Special work on metallurgy..... | ----- | 2,000 00 | 2,000 00 | ----- | |
| Special work on mining methods..... | ----- | 2,500 00 | 2,500 00 | ----- | |
| Special work on ancient channels..... | ----- | \$6,000 00 | \$6,000 00 | ----- | |
| Panama-Pacific exhibit..... | ----- | 25,000 00 | 25,000 00 | ----- | |
| Totals..... | \$50,000 00 | \$135,000 00 | \$85,000 00 | \$40,000 00 | \$40,000 00 |
| <i>State Board of Charities and Corrections.</i> | | | | | |
| Salaries and expenses (Stats. 1903 and 1911)..... | \$20,000 00 | \$20,000 00 | ----- | \$20,000 00 | \$20,000 00 |
| <i>Board of Control (Water Power).</i> | | | | | |
| Special appropriation, 1911, \$50,000..... | ----- | \$100,000 00 | \$100,000 00 | \$50,000 00 | \$50,000 00 |

State Commissioner of Horticulture.

| | | | | |
|---|--------------|--------------|-------|--------------|
| Salary of Commissioner..... | \$8,000 00 | \$8,000 00 | ----- | \$8,000 00 |
| Salary of deputy commissioner..... | 4,800 00 | 4,800 00 | ----- | 4,800 00 |
| Salary of secretary..... | 4,800 00 | 4,800 00 | ----- | 4,800 00 |
| Salary of superintendent insectary..... | 4,800 00 | 4,800 00 | ----- | 4,800 00 |
| Salary of assistant superintendent insectary..... | 3,600 00 | 3,600 00 | ----- | 3,600 00 |
| Salary of field deputy insect district..... | 3,000 00 | 3,000 00 | ----- | 3,000 00 |
| Salary of chief deputy, quarantine office, San Francisco..... | 4,800 00 | 4,800 00 | ----- | 4,800 00 |
| Salary of deputy, quarantine office, San Francisco..... | 3,600 00 | 3,600 00 | ----- | 3,600 00 |
| Salary of clerk, Sacramento office..... | 3,000 00 | 3,000 00 | ----- | 3,000 00 |
| For use and support of office of commissioner searching for beneficial insects and use and support of insectary..... | 55,000 00 | 55,000 00 | ----- | 55,000 00 |
| Printing, binding and ruling..... | 10,000 00 | 10,000 00 | ----- | 7,500 00 |
| Totals..... | \$105,400 00 | \$105,400 00 | ----- | \$102,900 00 |

Veterans' Home.

| | | | | |
|-----------------------------------|--------------|--------------|-------------|--------------|
| Support and maintenance..... | \$255,000 00 | \$255,000 00 | \$10,000 00 | \$255,000 00 |
| Printing, binding and ruling..... | 250 00 | 2,500 00 | 2,250 00 | 1,500 00 |
| Totals..... | \$255,250 00 | \$267,500 00 | \$12,250 00 | \$256,500 00 |

Industrial Accident Board.

| | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|
| Salaries of members..... | \$21,600 00 | \$21,600 00 | ----- | \$21,600 00 |
| Salary of secretary..... | 4,800 00 | 4,800 00 | ----- | 4,800 00 |
| Salary of statistician..... | 4,200 00 | 4,200 00 | ----- | 4,200 00 |
| Salaries of three clerks..... | 7,000 00 | 7,000 00 | ----- | 7,000 00 |
| Salaries of three stenographers..... | 6,000 00 | 6,000 00 | ----- | 6,000 00 |
| Support and expenses of board..... | 12,000 00 | 12,000 00 | ----- | 12,000 00 |
| Department of industrial safety..... | 10,000 00 | 10,000 00 | ----- | 6,000 00 |
| Postage and expressage..... | 6,000 00 | 6,000 00 | ----- | 4,000 00 |
| Traveling expenses..... | 4,000 00 | 4,000 00 | ----- | 4,000 00 |
| Printing, binding and ruling..... | 8,000 00 | 8,000 00 | ----- | 5,000 00 |
| Rent..... | 5,000 00 | 5,000 00 | ----- | 5,000 00 |
| Totals..... | \$88,600 00 | \$88,600 00 | \$88,600 00 | \$75,600 00 |

GENERAL APPROPRIATIONS—Continued.

| | 1911. | Requested 1913. | Increase or decrease. | Most urgent and necessary budget recommendations. | Recommendations including supplementary items. |
|---|-------------|-----------------|-----------------------|---|--|
| <i>State Agricultural Society.</i> | | | | | |
| For aid, on condition statistics, collected, etc. | \$40,000 00 | \$80,000 00 | \$40,000 00 | \$40,000 00 | \$20,000 00 |
| Salary of secretary | 4,800 00 | 8,000 00 | 3,200 00 | 6,000 00 | |
| Salary of assistant secretary | 3,000 00 | 3,000 00 | | 3,000 00 | |
| Salary of stenographer | 1,440 00 | 1,800 00 | | 1,800 00 | |
| Salary of night-watchman | 1,800 00 | 1,800 00 | 360 00 | 1,800 00 | |
| Printing, binding and ruling | 6,500 00 | 8,000 00 | 1,500 00 | 6,500 00 | |
| Traveling expenses | 1,000 00 | 3,000 00 | 2,000 00 | 2,000 00 | |
| Gardener | | 1,800 00 | 1,800 00 | 1,800 00 | |
| Gathering statistics (special, 1911) | | 10,000 00 | 10,000 00 | 10,000 00 | |
| Totals | \$58,540 00 | \$117,400 00 | \$58,860 00 | \$72,900 00 | \$72,900 00 |
| <i>State Veterinarian.</i> | | | | | |
| Salary of State Veterinarian | \$7,200 00 | \$7,200 00 | | \$7,200 00 | |
| Salary of assistant veterinarian | 6,000 00 | 6,000 00 | | 6,000 00 | |
| Salary of deputy veterinarian | 3,600 00 | 4,800 00 | | 3,600 00 | |
| Salary of clerk | 3,200 00 | 3,200 00 | \$1,200 00 | 3,200 00 | |
| For traveling, contingent expenses and sheep inspection | 16,000 00 | 22,000 00 | 6,000 00 | 22,000 00 | |
| Printing, binding and ruling | 400 00 | 400 00 | | 400 00 | |
| Totals | \$36,400 00 | \$43,600 00 | \$7,200 00 | \$42,400 00 | \$42,400 00 |
| <i>Marshall's Monument and Sutter's Fort.</i> | | | | | |
| Salary of guardian Marshall's Monument | \$1,200 00 | \$1,200 00 | | \$1,200 00 | |
| Salary of guardian Sutter's Fort | 1,800 00 | 1,800 00 | | 1,800 00 | |
| Salary of gardener Sutter's Fort | 2,400 00 | 2,400 00 | | 2,400 00 | |
| Salary of assistant gardener, Sutter's Fort | 2,160 00 | 2,160 00 | | 2,160 00 | |
| For maintenance of buildings and grounds, Sutter's Fort | 1,500 00 | 1,740 00 | \$240 00 | 1,740 00 | |
| Totals | \$9,060 00 | \$9,300 00 | \$240 00 | \$9,300 00 | \$9,300 00 |

| | | | | | |
|---|-----------------|-----------------|-------|----------------|-----------------|
| <i>Harbor Commissioners, Eurcka.</i> | | | | | |
| Salary of three (3) commissioners | \$2,400 00 | \$2,400 00 | ----- | ----- | \$2,400 00 |
| Salary of harbor master | 2,400 00 | 2,400 00 | ----- | ----- | 2,400 00 |
| Salary of secretary harbor commission | 2,000 00 | 2,000 00 | ----- | ----- | 2,000 00 |
| For contingent expenses (Sec. 2572) | 3,000 00 | 3,000 00 | ----- | ----- | 3,000 00 |
| Totals | \$9,800 00 | \$9,800 00 | ----- | ----- | \$9,800 00 |
| <i>Miscellaneous.</i> | | | | | |
| Support of orphans, half-orphans and abandoned children | \$860,000 00 | \$860,000 00 | ----- | ----- | \$860,000 00 |
| For Woman's Relief Corps' Home | 8,000 00 | 11,000 00 | ----- | \$3,000 00 | 4,000 00 |
| Payment of interest on \$100,000 to Hastings College of the Law | 14,000 00 | 14,000 00 | ----- | ----- | 14,000 00 |
| Rent, Hastings College of the Law | 4,800 00 | 4,800 00 | ----- | ----- | 4,800 00 |
| Care of state burial grounds | 200 00 | 400 00 | ----- | 200 00 | 200 00 |
| Payment of premiums on official bonds | ----- | 7,000 00 | ----- | 7,000 00 | 7,000 00 |
| Grand total of general appropriations 1911 | \$10,870,850 00 | | ----- | ----- | |
| Grand total of general appropriations requested | | \$14,140,309 00 | ----- | \$3,269,459 00 | |
| Grand total of increase requested | ----- | ----- | ----- | ----- | ----- |
| Grand total of budget recommendations | ----- | ----- | ----- | ----- | \$11,999,962 00 |
| Grand total of budget and supplemental recommendations | ----- | ----- | ----- | ----- | \$12,451,962 00 |

SPECIAL APPROPRIATIONS.

| | Requested 1913-14. | Most urgent and necessary budget recommendations. | Supplemental recommendations by Board of Control. | Totals of all needs recommended. |
|---|-----------------------|---|--|--|
| <i>State Hospitals</i> | | | | |
| Agnew: Cottage for workers and equipment—male | \$75,000 00 | \$60,000 00 | ----- | |
| Cottage for workers and equipment—female | 75,000 00 | 60,000 00 | ----- | |
| Nurses home for women | 50,000 00 | 43,000 00 | ----- | |
| Nurses home for women, furnishings | 7,000 00 | 7,000 00 | ----- | |
| Convalescent cottage—male | 35,000 00 | | ----- | |
| | \$242,000 00 | \$170,000 00 | ----- | \$170,000 00 |
| Mendocino: Receiving building | \$75,000 00 | \$75,000 00 | ----- | |
| Dam and reservoir—completion | 12,500 00 | 12,500 00 | ----- | |
| Gas plant | 10,000 00 | 10,000 00 | ----- | |
| Plumbing—Repairs, toilets, baths | 5,000 00 | | ----- | |
| | \$102,500 00 | \$97,500 00 | ----- | \$97,500 00 |
| Napa: Remodeling north pay cottage | \$30,000 00 | \$10,000 00 | ----- | |
| Congregate dining-rooms | 92,500 00 | | ----- | |
| Laundry building | 18,000 00 | 25,000 00 | ----- | |
| Laundry building, equipment | 14,000 00 | | ----- | |
| Dairy building | 20,000 00 | 20,000 00 | ----- | |
| Farm dormitories and sheds | 10,000 00 | 10,000 00 | ----- | |
| Rewiring buildings and conduits | 15,300 00 | 15,300 00 | ----- | |
| Purchase of land for waterway | 5,000 00 | 5,000 00 | ----- | |
| Piping, etc., from reservoir | 15,000 00 | 15,000 00 | ----- | |
| Reclamation of low lands (386 acres) | 10,000 00 | 10,000 00 | ----- | |
| Six additional cottage units and living and dining room | 50,000 00 | 20,000 00 | ----- | |
| New boiler, 250 horsepower | 7,000 00 | 7,000 00 | ----- | |
| Bungalow for steward | 3,000 00 | | ----- | |
| New administration building | 15,000 00 | | ----- | |
| Replacing central tower | 10,500 00 | | ----- | |
| Bakery, kitchen, and dining room equipment | 12,500 00 | 12,500 00 | ----- | |
| | \$327,800 00 | \$149,800 00 | ----- | \$149,800 00 |

| | | | |
|--|--------------|--------------|--------------|
| Stockton: Purchase of land (481 acres)----- | \$60,000 00 | | \$60,000 00 |
| New ward, No. 25----- | 58,000 00 | | \$58,000 00 |
| Reflooring main buildings----- | 15,000 00 | | 15,000 00 |
| Heating system, male department----- | 15,000 00 | | 15,000 00 |
| Dairy barn----- | | | |
| Dairy buildings----- | 15,000 00 | | 15,000 00 |
| Silos (2), concrete----- | 7,500 00 | | 7,500 00 |
| Feed barn----- | 1,200 00 | | 1,200 00 |
| Dairy herd (200 cows)----- | 7,000 00 | | 7,000 00 |
| Receiving building, second story----- | 12,000 00 | | 12,000 00 |
| Industrial hall and assembly building----- | 27,000 00 | | 27,000 00 |
| Convalescent building for women at farm----- | 80,000 00 | | 80,000 00 |
| Furnishing building for women at farm----- | 36,000 00 | | 36,000 00 |
| Elevator for female building----- | 7,500 00 | | 7,500 00 |
| | 6,000 00 | | 6,000 00 |
| | | | |
| | \$347,200 00 | \$156,000 00 | \$66,000 00 |
| | | | |
| Southern California: Patients' cottages (7): 4 in 65th, 3 in 66th----- | \$140,000 00 | \$80,000 00 | |
| Patients' cottages, equipment and furnishings----- | 35,000 00 | 20,000 00 | |
| Receiving building----- | 60,000 00 | | |
| Receiving building equipment----- | 15,000 00 | | |
| Water stock----- | 10,000 00 | 10,000 00 | |
| Reservoir (concrete)----- | 5,000 00 | 5,000 00 | |
| Nurses' cottage----- | 30,000 00 | | \$30,000 00 |
| Laundry----- | 20,000 00 | | 20,000 00 |
| Superintendent's cottage and furnishings----- | 10,000 00 | | 10,000 00 |
| New kitchen----- | 60,000 00 | | |
| | | | |
| | \$385,000 00 | \$115,000 00 | \$60,000 00 |
| | | | |
| Sonoma Home: Water development----- | \$10,000 00 | \$5,500 00 | |
| Sewer and septic tanks----- | 5,500 00 | | |
| Commissary building----- | 20,000 00 | | \$20,000 00 |
| Dormitory for female employees----- | 5,000 00 | 5,000 00 | |
| Farm hands' quarters----- | 2,000 00 | 2,000 00 | |
| Barn----- | 1,000 00 | | |
| Nursery for children, and equipment----- | 19,000 00 | 19,000 00 | |
| Nursery for children, and equipment----- | 19,000 00 | | |
| Cottage for epileptics, and equipment----- | 20,000 00 | | 19,000 00 |
| Cottage for epileptics, and equipment----- | 20,000 00 | | |
| | | | |
| | | | \$175,000 00 |

SPECIAL APPROPRIATIONS—Continued.

| | Requested 1913-14. | Most urgent and necessary budget recommendations. | Supplemental recommendations in favor of Control. | Totals of all needs recommended. |
|--|-----------------------|---|--|--|
| <i>State Hospitals—Continued.</i> | | | | |
| Bullding new roads | \$25,000 00 | ----- | ----- | ----- |
| School building and assembly hall | 65,000 00 | ----- | \$65,000 00 | ----- |
| | \$211,500 00 | \$31,500 00 | \$104,000 00 | \$135,500 00 |
| Folsom Insane Hospital: Completion of building | \$26,000 00 | \$26,000 00 | ----- | ----- |
| Equipment and furnishings | 5,000 00 | 4,300 00 | ----- | ----- |
| | \$31,000 00 | \$30,300 00 | ----- | \$30,300 00 |
| <i>Normal Schools.</i> | | | | |
| Santa Barbara: Equipment for new buildings | \$25,000 00 | \$25,000 00 | ----- | ----- |
| Mechanical building and equipment | 15,000 00 | 10,000 00 | ----- | ----- |
| Additional land (6 acres) | 14,000 00 | 4,500 00 | ----- | ----- |
| Improving grounds | 2,500 00 | ----- | 9,500 00 | ----- |
| Gymnasium | 10,000 00 | ----- | ----- | ----- |
| | \$66,500 00 | \$39,500 00 | \$9,500 00 | \$49,000 00 |
| Los Angeles: Additional salaries for sixty-fourth year | \$10,200 00 | \$8,000 00 | ----- | ----- |
| Furniture and equipment for new buildings | 55,000 00 | 30,000 00 | ----- | ----- |
| Purchase of land | 10,000 00 | ----- | 10,000 00 | ----- |
| Beachers and playground equipment | 2,000 00 | ----- | ----- | ----- |
| Musical instruments | 2,500 00 | 1,000 00 | ----- | ----- |
| | \$79,700 00 | \$39,000 00 | \$10,000 00 | \$49,000 00 |
| Chico: Repairs and furnishings | \$12,869 00 | \$12,870 00 | ----- | ----- |
| Power house and equipment, tank, pipe line, etc. | 5,700 00 | 5,700 00 | ----- | ----- |
| Water supply, pumping plant, tank, etc. | 3,350 00 | 3,350 00 | ----- | ----- |
| | \$21,919 00 | \$21,920 00 | ----- | \$21,920 00 |

| | | | | |
|---|--------------|--------------|-------------|--------------|
| San Jose: Assembly hall----- | \$80,000 00 | \$80,000 00 | ----- | |
| Manual training and domestic science building----- | 75,000 00 | ----- | \$75,000 00 | |
| Manual training equipment----- | 25,000 00 | ----- | ----- | |
| Repairs old manual training building----- | 12,000 00 | ----- | ----- | |
| Grounds—Completion of grading----- | 5,000 00 | ----- | ----- | |
| | | | | \$192,000 00 |
| San Francisco: Normal School building----- | \$197,000 00 | \$117,000 00 | \$75,000 00 | |
| Normal School building equipment----- | \$275,000 00 | \$225,000 00 | ----- | |
| Normal School building, reconstruction----- | 25,000 00 | 20,000 00 | ----- | |
| Repainting old building----- | 1,800 00 | 15,000 00 | ----- | |
| Furniture and repairs, old buildings----- | 2,000 00 | 1,800 00 | ----- | |
| | | 2,000 00 | ----- | |
| | \$303,800 00 | \$263,800 00 | ----- | \$263,800 00 |
| San Diego: Repairs and improvements----- | \$12,000 00 | \$12,000 00 | ----- | |
| Grounds—Improvements----- | 10,000 00 | 5,000 00 | ----- | |
| Furniture and equipment----- | 1,400 00 | 1,400 00 | ----- | |
| Purchase of land----- | 8,000 00 | 8,000 00 | ----- | |
| Portable building for model rural school----- | 1,200 00 | 1,200 00 | ----- | |
| Equipment of building for model rural school----- | 400 00 | 400 00 | ----- | |
| | \$33,000 00 | \$28,000 00 | ----- | \$28,000 00 |
| Fresno: New buildings----- | \$350,000 00 | ----- | ----- | |
| Units 1. Auditorium----- | \$40,000 00 | ----- | ----- | |
| 2. Domestic science, gymnasium, laboratory, etc.----- | 45,000 00 | ----- | ----- | |
| 3. Agricultural and manual training----- | 45,000 00 | ----- | \$75,000 00 | |
| 4. Training department, class rooms----- | 75,000 00 | ----- | ----- | |
| 5. Academic department, class rooms----- | 75,000 00 | ----- | ----- | |
| 6. Library and administration----- | 50,000 00 | 50,000 00 | ----- | |
| 7. Power plant----- | 20,000 00 | 20,000 00 | ----- | |
| Equipment of new buildings----- | 20,000 00 | ----- | ----- | |
| Temporary buildings----- | 10,000 00 | 10,000 00 | ----- | |
| Equipment buildings----- | 10,000 00 | 10,000 00 | ----- | |
| | \$390,000 00 | \$130,000 00 | \$75,000 00 | \$265,000 00 |

SPECIAL APPROPRIATIONS—Continued.

| | Requested 1913-14. | Most urgent and necessary budget recommendations. | Supplemental recommendations in board of control. | Totals of all needs recommended. |
|--|-----------------------|---|--|--|
| <i>State Prisons and Reformatory Institutions.</i> | | | | |
| Folsom Prison; General repairs and improvements..... | | | | |
| Cell buildings, completion..... | \$23,500 00 | \$23,500 00 | | |
| Wall about prison..... | 140,000 00 | 100,000 00 | | |
| Shop buildings..... | 70,000 00 | | \$35,000 00 | |
| Laundry buildings and equipment..... | 33,000 00 | 33,000 00 | | |
| Farm buildings and stock..... | 12,000 00 | | 12,000 00 | |
| New cell building (connecting all)..... | 20,000 00 | 10,000 00 | | |
| New yard, removal of hill..... | 20,000 00 | | | |
| Commissary building..... | 14,000 00 | | | |
| Bath house..... | 13,200 00 | | | |
| Boiler plants (consolidation)..... | 5,500 00 | | | |
| | 5,500 00 | | | |
| San Quentin: Cell building..... | \$356,700 00 | \$166,560 00 | \$47,000 00 | \$213,560 00 |
| Preston School: Cottages (2) and furnishings, \$10,000 each..... | \$100,000 00 | | \$100,000 00 | \$100,000 00 |
| Wing to Trades building..... | 20,000 00 | \$10,000 00 | 10,000 00 | |
| Completion and repairs, minor improvements..... | 12,000 00 | 12,000 00 | | |
| Special machinery and equipment..... | 3,100 00 | 3,100 00 | | |
| Improving grounds..... | 9,900 00 | 6,900 00 | | |
| | 1,250 00 | | | |
| Whittier School: Repairs and improvements..... | \$46,250 00 | \$32,000 00 | \$10,000 00 | \$42,000 00 |
| Replacement of equipment..... | \$20,440 00 | \$20,440 00 | | |
| Hot water heating system..... | 11,089 00 | 11,000 00 | | |
| Completion of honor cottage..... | 3,500 00 | 3,500 00 | | |
| Equipment and furnishings, hospital (1911)..... | 2,500 00 | 2,500 00 | | |
| Equipment girls trades building..... | 2,500 00 | 2,500 00 | | |
| Boys' gymnasium and equipment..... | 3,500 00 | | \$3,500 00 | |
| Girls' gymnasium and equipment..... | 21,000 00 | | 21,000 00 | |
| Detention building and equipment, for boys..... | 8,500 00 | | 8,500 00 | |
| Detention building and equipment, for girls..... | 5,000 00 | | 5,000 00 | |
| Industrial group and equipment..... | 3,000 00 | | 3,000 00 | |
| | 52,460 00 | 33,800 00 | | |

| | | | |
|---|--------------|--------------|--------------|
| Whittier School: Garage | \$1,000 00 | | |
| Five cottages and equipment and furnishing, at \$15,000 | 75,000 00 | \$30,000 00 | |
| Hospital for girls, and equipment | 10,000 00 | | \$10,000 00 |
| Dairy buildings (additional appropriation) | 4,000 00 | | |
| Elevator | 3,500 00 | | |
| Two wells and connection to system | 3,750 00 | \$3,750 00 | |
| Conduit system and rewiring | 2,925 00 | 2,925 00 | |
| Electric line to girls' department | 800 00 | | |
| Deep well pump | 1,000 00 | 1,000 00 | |
| Telephone system | 600 00 | | |
| Re-enforced cement oil storage | 900 00 | | |
| Duplicate oil pumping set | 500 00 | | |
| Concrete machinery | 3,910 00 | | |
| Distributing system | 1,100 00 | | |
| | \$242,474 00 | \$111,415 00 | \$51,000 00 |
| <i>Miscellaneous.</i> | | | |
| University: New North Hall | \$400,000 00 | \$400,000 00 | |
| Impairment of income | 62,000 00 | 62,000 00 | |
| Replace building of Lick Observatory | 50,000 00 | | \$50,000 00 |
| Los Angeles Medical College, extension of building | 25,000 00 | 25,000 00 | |
| Los Angeles Medical College, maintenance | 20,000 00 | 20,000 00 | |
| University extension | 20,000 00 | | |
| | \$577,000 00 | \$507,000 00 | \$50,000 00 |
| California Polytechnic: Farm buildings | | | |
| Units: Horse barn, swine barn, pavilion | \$30,000 00 | | |
| Farm mechanics building | 6,000 00 | \$30,000 00 | |
| Agromomy building | 5,000 00 | | |
| Grading, corrals, electric lighting, sewer, etc. | 4,000 00 | | |
| Equipment, etc., for shops, power plant, laboratory | | | |
| Units: 100 horsepower boiler | \$3,500 00 | 15,000 00 | 10,000 00 |
| Fuel oil pump and heater | 700 00 | | |
| Feed water purifier | 1,000 00 | | |
| Equipment, shops and laboratories | 9,800 00 | | |
| Water system development and extension (temporary) | | | |
| Dam and reservoir (permanent supply) | 5,000 00 | 5,000 00 | |
| Repairs and improvements to buildings, etc. | 33,000 00 | | \$33,000 00 |
| | 10,000 00 | 10,000 00 | |
| | | | \$557,000 00 |

SPECIAL APPROPRIATIONS—Continued.

| | Requested 1913-14 | Most urgent and necessary budget recommendations. | Supplemental recommendations by Board of Control. | Totals of all needs recommended. |
|--|----------------------|---|--|--|
| <i>Miscellaneous—Continued.</i> | | | | |
| Units: Temporary roofing, household arts | 700 00 | | | |
| Replastering, tinting, etc., household arts | 300 00 | | | |
| Concrete floor drains, creamery | 500 00 | | | |
| Screening, etc., creamery | 400 00 | | | |
| Fuel oil storage | 1,500 00 | | | |
| Painting shops, dairy barn, etc. | 500 00 | | | |
| Farming fencing | 600 00 | | | |
| Rehabilitating dormitory | 800 00 | | | |
| Concrete floors, carpenter shop | 250 00 | | | |
| Addition for wood working, etc. | 1,500 00 | | | |
| Tool room and equipment | 750 00 | | | |
| Shafting and belting | 200 00 | | | |
| Addition and repairs, power plant | 2,000 00 | | | |
| Heating system extension and improvement | | 4,000 00 | | |
| Live stock and poultry | 5,000 00 | | 5,000 00 | |
| Farm machinery and implements | 6,000 00 | | 3,000 00 | |
| | \$123,000 00 | \$59,000 00 | \$41,000 00 | \$100,000 00 |
| Deaf and Blind, Berkeley: Gymnasium building and equipment | | \$52,500 00 | | |
| School equipment | \$85,000 00 | | | |
| Repairs and improvements | 7,500 00 | 7,500 00 | | |
| Machinery and equipment | 4,500 00 | 4,500 00 | | |
| Dairy barn | 12,000 00 | 11,175 00 | | |
| Fire escapes (5) | 6,000 00 | 6,000 00 | | |
| | 6,500 00 | 6,500 00 | | |
| | \$101,500 00 | \$88,175 00 | | \$88,175 00 |
| Adult Blind: New dormitory | | | | |
| New floor in shops | \$70,000 00 | \$10,000 00 | | |
| | 1,500 00 | 1,500 00 | | |
| | \$71,500 00 | \$41,500 00 | | \$41,500 00 |

| | | | |
|---|--------------|--------------|--------------|
| Veterans' Home: Water Supply (piping from first offenders' prison)----- | \$12,000 00 | \$12,000 00 | |
| Tubercular ward and equipment----- | 30,000 00 | 30,000 00 | |
| Plumbing repairs----- | 5,000 00 | 5,000 00 | |
| General repairs of buildings----- | 10,000 00 | 10,000 00 | |
| Painting buildings----- | 7,500 00 | 7,500 00 | |
| Lavatories for Companies "G" and "E"----- | 1,250 00 | 1,250 00 | |
| Barracks----- | 100,000 00 | \$100,000 00 | |
| Dairy and cow barns----- | 7,500 00 | 7,500 00 | |
| Detention quarters for inebriates----- | 12,000 00 | | |
| Quarters for waitresses----- | 15,000 00 | | |
| Restaurant and eight bed rooms----- | 7,000 00 | | |
| Four flat building----- | 7,000 00 | | |
| Improvements to grounds----- | 3,000 00 | | |
| Buildings for wives and widows----- | 100,000 00 | | |
| Amusement and assembly hall----- | 15,000 00 | 15,000 00 | |
| | \$332,250 00 | \$80,750 00 | \$107,500 00 |
| College of Agriculture: Two dormitories, University Farm----- | \$80,000 00 | \$40,000 00 | |
| Extension of dining hall, University Farm----- | 10,000 00 | | |
| Class room and library building, University Farm----- | 65,000 00 | 65,000 00 | |
| Small improvements, shops, fences, etc., University Farm----- | 20,000 00 | | \$20,000 00 |
| Two hundred acres of land at Riverside----- | 60,000 00 | 60,000 00 | |
| Laboratory building at Riverside----- | 100,000 00 | 100,000 00 | |
| Residence, barns, etc., Riverside----- | 25,000 00 | 25,000 00 | |
| | \$330,000 00 | \$165,000 00 | \$145,000 00 |
| Agricultural Society: Additional ground, 8½ acres----- | \$9,300 00 | \$9,300 00 | |
| Additional ground----- | 50,000 00 | | \$50,000 00 |
| Drainage and sewage disposal----- | 10,000 00 | 10,000 00 | |
| Reconstruction windows, Agricultural building----- | 500 00 | | |
| Extension, Agricultural building----- | 60,000 00 | | 60,000 00 |
| Extension, manufacturers' building----- | 30,000 00 | | |
| Extension, machinery building----- | 30,000 00 | | |
| Moving horse barns----- | 5,000 00 | 5,000 00 | |
| Live stock and poultry barns and sheds----- | 15,000 00 | | 15,000 00 |
| Cattle barns----- | 15,000 00 | | 15,000 00 |

\$188,250 00

\$310,000 00

SPECIAL APPROPRIATIONS—Continued.

| | Requested 1913-14. | Most urgent and necessary budget recommendations. | Supplemental recommendations by Board of Control. | Totals of all needs recommended. |
|---|-----------------------|---|--|--|
| <i>Miscellaneous—Continued.</i> | | | | |
| Care and improvement of grounds----- | \$10,000 00 | ----- | \$10,000 00 | |
| Woman's building on agricultural grounds----- | 40,000 00 | ----- | 40,000 00 | |
| | \$274,800 00 | \$24,300 00 | \$190,000 00 | \$214,300 00 |
| Sutter's Fort: Repairs and improvement----- | \$1,000 00 | \$500 00 | ----- | |
| Cement curbing on K street----- | 800 00 | 800 00 | ----- | |
| Installation new lights----- | 800 00 | ----- | ----- | |
| | \$2,600 00 | \$1,300 00 | ----- | \$1,300 00 |
| Board of Health: Contagious disease fund----- | | | | |
| Office equipment----- | \$100,000 00 | \$50,000 00 | \$50,000 00 | |
| Tuberculosis study and investigation----- | 2,200 00 | 2,200 00 | ----- | |
| Study of social hygienics----- | 5,000 00 | ----- | 5,000 00 | |
| | 5,000 00 | ----- | 5,000 00 | |
| | \$112,200 00 | \$52,200 00 | \$60,000 00 | \$112,200 00 |
| Highways: Trinity-Humboldt (private money advanced)----- | | | | |
| Trinity-Humboldt, completion----- | \$40,000 00 | ----- | ----- | |
| Meyers-McKinney (private money advanced)----- | 40,000 00 | 40,000 00 | ----- | |
| Myers-McKinney, completion----- | 15,000 00 | ----- | ----- | |
| Alpine State Highway, continuation----- | 15,000 00 | 15,000 00 | ----- | |
| Redwood Park-Saratoga Summit, Santa Clara County to and into State Park----- | 50,000 00 | ----- | \$50,000 00 | |
| Lake Tahoe road, improvements----- | 100,000 00 | ----- | 100,000 00 | |
| | 10,000 00 | ----- | 10,000 00 | |
| | \$270,000 00 | \$55,000 00 | \$160,000 00 | \$215,000 00 |
| Rivers: Rectifying river channels----- | \$100,000 00 | \$100,000 00 | ----- | |
| Flood control surveys and studies----- | 15,000 00 | ----- | \$15,000 00 | |
| | \$115,000 00 | \$100,000 00 | \$15,000 00 | \$115,000 00 |

| | | |
|---|----------------|----------------|
| State Printing Office: Machinery and equipment | \$15,000 00 | \$15,000 00 |
| Erection building | 125,000 00 | 125,000 00 |
| | | \$140,000 00 |
| Clerk Supreme Court: Filing cases (reappropriation) | \$6,000 00 | |
| Immigration Commission: Expenses | 50,000 00 | \$50,000 00 |
| Institution for Delinquent Girls: Purchase land and building | 200,000 00 | 200,000 00 |
| California Civil Service Training School: Organizing, equipping and maintaining | 40,000 00 | 40,000 00 |
| Redwood Park: Trails and roads | 20,000 00 | |
| Panama Exposition building at San Diego | 200,000 00 | \$20,000 00 |
| Free textbooks | 500,000 00 | 200,000 00 |
| California State Reformatory: Building | 800,000 00 | 500,000 00 |
| Revolving fund, ballot paper | 10,000 00 | 200,000 00 |
| Scrapps (Marine) Biological Institute: Wharf, etc. | 33,600 00 | 10,000 00 |
| Sixth District Agricultural Association | 60,000 00 | 33,600 00 |
| San Francisco fire boat | 100,000 00 | 60,000 00 |
| | | 100,000 00 |
| Grand total of special appropriation requests. | \$7,983,853 00 | |
| Grand total of urgent and necessary budget (Controller and Board of Control) | | \$3,943,520 00 |
| Grand total of supplemental recommendations by Board of Control. | | \$1,859,600 00 |
| Grand total of all needs recommended by Board of Control. | | \$5,803,120 00 |

CALIFORNIA RECLAMATION BOARD.

In the creation of the California Reclamation Board no appropriation was made for the payment of necessary office and traveling expenses. This failure to provide an appropriation has resulted in personal loss to the members of the board, who serve without pay.

The request of the Reclamation Board was not filed in time to be included in the regular budget, but is herewith transmitted with favorable recommendation for the sum of \$3,000 for the biennial period.

COÖPERATION OF OFFICIALS.

Up to this point it has been the endeavor to point out briefly and without burdensome detail the general features of the work accomplished by the Board along the lines of supervising the business and financial affairs of the state. Many details and many accomplishments which might serve to illuminate particular features, but which would render the report cumbersome as a whole, have been eliminated.

At this point, occasion may also properly be taken to point out the fact that in its labors, the Board in general has received the heartiest coöperation of those men and women who are charged with carrying on the State's business. At the outset, as was to be expected, new methods caused some friction generally arising from misunderstanding. This, however, has now been eliminated in a large degree; the initiatory stage has passed and matters are proceeding more smoothly. The opposition of those who were corrupt and dishonest was not only strong but was continuous; these persons, however, have now been eliminated from the state service. In addition there is a small minority which does not take kindly to the change of old established methods; they will be carried along with the progress of the State's business, protesting yet going ahead. With the coöperation of the big majority of the executive officials and employees who are alive to the advantages of modern methods success is assured.

AUDITING OF CLAIMS.

Sitting as an auditing body, this Board has exercised a function equally important to that of supervising the general methods of business, yet made more simple and less arduous by reason of the performance of the latter duty.

Since the last report of the State Board of Examiners, dated December 5, 1910, there have been presented for audit 23,342 claims. Of these claims 4,650 were acted upon by the State Board of Examiners prior to the appointment of this Board. The remaining 18,692 were acted upon by this Board and the following tabular statement will show their disposition:

| | | |
|--|-----------------|---------------------|
| Total claims presented (23,342)----- | | \$22,288,549 11 |
| Total amount allowed----- | \$21,988,810 64 | |
| Total amount rejected----- | 101,319 20 | |
| Total amount of corrections, deductions, etc.----- | 189,199 25 | |
| Total amount withheld from action----- | 9,220 02 | |
| | | <hr/> 22,288,549 11 |

The value of proper auditing of claims will be apparent from a consideration of the items of rejected claims and of corrections aggregating \$290,518.45. In addition to this sum consideration should be given to a total of approximately \$70,000 in fraudulent claims which were never presented for audit because of investigations instituted by this Board. These fraudulent claims will be referred to under the head of State Printing Office.

The following tables will show the disposition of claims during the sixty-second, the sixty-third and the sixty-fourth fiscal years up to December 6, 1912:

Sixty-second Fiscal Year.*December 5, 1910, to June 30, 1911.*

Total claims presented, 5,472.

| | | |
|--|----------------|--------------------|
| Amount presented ----- | | \$5,957,334 67 |
| Amount allowed ----- | \$5,883,171 61 | |
| Amount rejected ----- | 19,043 67 | |
| Amount corrected (deducted and withdrawn)----- | 55,119 39 | |
| | | <hr/> 5,957,334 67 |

Sixty-third Fiscal Year.

Total number of claims presented, 12,210.

| | | |
|---|----------------|--------------------|
| Amount presented, July 1, 1911, to June 30, 1912----- | | \$9,983,313 46 |
| Amount allowed July 1, 1911, to June 30, 1912--- | \$9,818,049 28 | |
| Amount rejected ----- | 55,898 20 | |
| Amount corrected (deducted and withdrawn)----- | 102,536 99 | |
| Amount action withheld----- | 6,828 99 | |
| | | <hr/> 9,983,313 46 |

Sixty-fourth Fiscal Year.*July 1, 1912, to December 6, 1912.*

Total claims presented, 5,660.

| | | |
|--|----------------|--------------------|
| Amount presented ----- | | \$6,347,900 98 |
| Amount allowed ----- | \$6,287,589 75 | |
| Amount rejected ----- | 26,377 33 | |
| Amount corrected (deducted and withdrawn)----- | 31,542 87 | |
| Amount on which action withheld----- | 2,391 03 | |
| | | <hr/> 6,347,900 98 |

EMERGENCY FUND.

The Emergency Fund of \$75,000 placed under the joint jurisdiction of the State Board of Control and of the State Controller has proved of great value in meeting contingencies arising in different departments and institutions. This method of providing in advance for the supplementing of appropriations which may prove inadequate and for meeting emergencies generally is based on sound business principles, and in the opinion of this Board should be strictly adhered to.

The indiscriminate creation of deficiencies proved to be a costly method of doing business for the State in past years. During the last two years these deficiencies have been controlled and checked. All ordinary emergencies have been met within the \$75,000 appropriated for the purpose and a substantial balance remains to carry the institutions and departments through the remainder of the fiscal year.

This Board earnestly recommends that the legislature refuse to take favorable action upon any deficiency claims which have not been provided for from the \$75,000 fund set aside for that purpose, unless the circumstances surrounding the particular claim are of such extraordinary character as to have made such action impossible.

On December 6, 1912, there remained in the Emergency Fund a balance of \$34,850.02. This sum will be sufficient to take care of all ordinary emergencies that might arise in any state department or institution prior to June 30, 1913, the end of the present fiscal year.

Requests have already been filed with this Board for allowances from the emergency fund. Several of these will unquestionably have to be allowed, but in other cases it is apparent that by the exercise of economy and the curtailment of less important expenditures the departments will be able to get through within their appropriations. Following is a detailed statement of the amounts allowed from the Emergency Fund and the purposes for which they were allowed:

Sixty-third Fiscal Year.

| | Allowed. | Drawn. |
|---|-------------|-------------|
| Banking Department, Revolving Fund..... | \$500 00 | \$500 00 |
| Department of Engineering, equipping laboratory with apparatus for testing coal and oil..... | 521 00 | 521 00 |
| Secretary of State, printing and distributing constitutional amendments..... | 5,030 00 | 5,030 00 |
| C S. Baldwin, district attorney, Modoc County, costs of suits, school land, foreclosures..... | 98 06 | 98 06 |
| Pat R. Parker, district attorney, Mono County, costs of suits, school land foreclosures..... | 2 37 | 2 37 |
| The Bee, advertising delinquent corporations (no appropriation provided)..... | 500 00 | 500 00 |
| The Express, advertising delinquent corporations (no appropriation provided)..... | 500 00 | 500 00 |
| The Bulletin, advertising delinquent corporations (no appropriation provided)..... | 500 00 | 500 00 |
| Pat R. Parker, district attorney, Mono County, costs of suits, school land foreclosures..... | 130 63 | 130 63 |
| F. C. Scherrer, district attorney, Inyo County, costs of suits, school land foreclosures..... | 46 94 | 46 94 |
| Department of Engineering, Folsom pumping plant..... | 1,187 00 | 1,187 00 |
| E. D. Roberts, State Treasurer, reprinting India Basin bonds..... | 316 00 | 316 00 |
| Los Angeles Normal School, salaries for necessary additional teachers..... | 2,134 18 | 2,134 18 |
| *Highway Commission, office expenses prior to sale of bonds..... | 1,500 00 | 725 40 |
| San Jose Normal School, repairing buildings..... | 410 75 | 410 75 |
| San Francisco Normal School, repairing buildings..... | 960 51 | 960 51 |
| | \$14,337 45 | \$13,562 85 |
| *Unused balance of amount allowed Highway Commission, reverted to credit of Emergency Fund..... | 774 60 | |
| | \$13,562 85 | \$13,562 85 |

Sixty-fourth Fiscal Year.

| | Allowed. | Drawn. | Available. |
|---|-------------|-------------|------------|
| Department of Engineering, employees' cottages, California Polytechnic School..... | \$71 56 | \$71 56 | ----- |
| Los Angeles Normal School, salaries for necessary additional teachers..... | 6,500 00 | 6,500 00 | ----- |
| San Diego Normal School, grounds..... | 79 71 | 79 71 | ----- |
| Great Western Power Company, power and lights, Capitol Building, March, April, May, and June, 1912..... | 442 30 | 442 30 | ----- |
| Associated Oil Company, fuel, Capitol Building, March, April, May, and June, 1912..... | 227 02 | 227 02 | ----- |
| Folsom Prison, bath house..... | 4,000 00 | 2,290 94 | \$1,709 06 |
| Folsom Prison, ventilation of cells..... | 1,000 00 | 839 18 | 160 82 |
| Board of Health, prevention of contagious diseases..... | 10,000 00 | 3,986 30 | 6,013 70 |
| Secretary of State, ballot paper..... | 5,266 54 | 4,266 54 | ----- |
| | \$29,587 13 | \$18,703 55 | \$7,883 58 |

Recapitulation.

| | | |
|--|-------------|-------------|
| Appropriation..... | | \$75,000 00 |
| Amount drawn in sixty-third fiscal year..... | \$13,562 85 | |
| Amount drawn in sixty-fourth fiscal year..... | 18,703 55 | |
| Unexpended balance withdrawn from appropriation, sixty-fourth fiscal year..... | 7,833 58 | |
| | | 40,149 98 |
| Balance in Emergency Fund, December 6, 1912..... | | \$34,850 02 |

DEFICIENCIES.

Sixty-second Fiscal Year.

Before this Board came into office a number of deficiencies had run against appropriations in the sixty-second fiscal year, which have been investigated and are recommended for payment in accordance with the following itemization:

Pacific Gas and Electric Company, \$1,817.10.

This amount covers the expense for power and light for the Capitol Building and Grounds during the months of February, March, April, May, and June, 1911. The appropriation out of which these expenses should have been paid became exhausted and the expenses incurred were necessary to provide light and power for the legislature and state offices during that period.

Nathaniel Ellery, \$1,557.75.

W. P. Fuller & Co., \$258.28.

These claims represent expenses incurred in the construction of a gymnasium for boys at Sonoma State Home for which there was an appropriation of \$10,000.00 made by Chapter 495, Statutes of 1909. The expenses in question, amounting to \$1,816.03, were caused through change of location of the building and through an indifferent policy on the part of the management of the Home and of the Engineering Department in keeping within the amount of the appropriation provided for the purpose. It has been a common practice prior to the incoming of the State Board of Control for the different hospitals to take out and add to appropriations made by the Legislature for specific purposes from their contingent funds. The Board of Control refused to allow this policy to be continued and in an endeavor to straighten out matters at Sonoma State Home recommends the payment of these bills as being just charges against the State for material and labor incorporated into the institution.

The amount of \$1,557.75 represents cash advances by former State Engineer Ellery for bills incurred by his department, and the bill of \$258.28 represents an unpaid bill of W. P. Fuller & Co., for material supplied for the job.

Pacific Telephone and Telegraph Co., \$66.65.

This amount represents a deficiency in the appropriation for contingent and traveling expenses of the Department of Engineering, covering the bills of the Pacific Telephone & Telegraph Company for telephone rental and exchange service for the months of April, May and June, 1911.

Charles Roehr, \$222.41.

This claim represents a balance due on a contract which was entered into between the Department of Engineering and Charles Roehr in 1909 for painting barns at Agricultural Park, said contract price to be paid from the moneys appropriated by Chapter 70, Statutes of 1909. The amount of \$222.41 represents the balance of the amount originally

deducted from the payment to said contractor by the Engineering Department on account of claim of the Engineering Department that the contract work was not properly done. In November, 1911, the claimant appeared before this Board together with representatives of the Engineering Department and upon the showing made the claim was rejected. Subsequently, on June 3, 1912, claimant again presented a demand through the Engineering Department for payment of the money and upon new information and evidence being presented the Board again considered the demand, and after a thorough investigation together with expert examination of the condition of the work which had been done and the concurrence of the Engineering Department in the findings, this Board reconsidered its action under date of November 13, 1911, and allowed the claim of Charles Roehr as being a just claim against the State. The appropriation against which the contract had been originally entered having become exhausted, the Board recommends the payment of the claim by this Legislature.

W. D. Hyde, State agent, \$103.70.

This claim represents expenses incurred in the month of October, 1910. The agent neglected to present his demand sooner against the State and when it was finally presented, on June 14, 1912, the appropriation for paying the expenses for the arrest of criminals without the State for the sixty-second fiscal year had become exhausted. The claim is a proper and just claim against the State.

James McGillivray, general contractor, \$92.20.

This claim represents a bill for material used in the construction of the Insectary Building in Capitol Park. The appropriation made under Chapter 332, Statutes 1907, provided for the construction and maintenance of Insectary Building. The balance in the appropriation after the building had been constructed was used for the maintenance of same. It was assumed by the Horticultural Commissioner that all bills incurred in the construction of the insectary had been paid and as the balance in the appropriation was available for the maintenance of the building, it was used for that purpose, and at the time that this bill was presented the appropriation had been depleted. From the records in the Department of Engineering this material was used and incorporated in the work, and we therefore recommend the payment of this claim.

DEFICIENCIES SIXTY-THIRD FISCAL YEAR.

There have been no deficiencies authorized by this Board outside of those which have been cared for from the Emergency Fund of \$75,000 set aside by the Legislature for that purpose.

However, in the construction of two state highways, namely, the Humboldt Trinity Highway and the Lake Tahoe State Road, the appropriations made by the Legislature were not sufficient to complete the work. Private interests have advanced certain sums of money to complete the work on these two roads. This money in each instance

has been expended solely at the risk of these private individuals without any authorization of any kind or character from the state government. These private individuals have notified this Board that they would make claims for the amounts expended by them on the respective roads, basing their claims entirely on equity. They have asked that their claims be investigated by this Board. This Board has agreed to investigate the claims and report thereon to the Legislature. The data has not yet been submitted. As soon as all the necessary data is submitted and the audit is completed, the Board of Control will make a supplemental report to the Legislature as required by law.

CLAIMS NOT PROVIDED FOR BY LAW.

State Printing Department, \$11,549.60.

The amount of this claim represents expenses paid by the Superintendent of State Printing out of the State Printing Fund for printing the constitutional amendments, which under the law must be distributed to voters at polling places in the State prior to the election at which amendments are voted upon. This Board recommends that this amount of money be appropriated from the General Fund to reimburse the State Printing Fund to the amount of \$11,549.60.

Under section 669 of the Political Code, the State Board of Control transmits reports upon the following claims for the payment of which there is no provision of law, and recommends that appropriations be made in the several amounts to pay the same.

Clark & Henery Construction Company, \$786.29.

The amount of this claim is to pay street assessment for paving, curb, gutter and drainage on property belonging to the State fronting on Fifteenth and Sixteenth streets between H and I streets, in the city of Sacramento, being the property known as the Governor's residence.

O. Nelson, \$5.34.

This amount is to pay for grading of Park Boulevard from the north line of El Cajon avenue to the south line of Adams avenue in the city of San Diego, said assessment being the amount levied against the frontage belonging to the State Normal School in that city.

Ransom-Crummey Company.

Authority has been given by this Board under the law to the Trustees of the State Normal School at Chico to incur an indebtedness in the nature of an assessment for paving, curb, gutter and drainage on property belonging to the State Normal School, fronting on Front street in the city of Chico. The amount to be paid per foot has been established by public contract in said city, but the work has not been commenced on the street fronting the State property.

John Ewart, \$1,609.40.

The amount of this claim is to pay expenses in the nature of State assessment for filling and grading American street in the city of Stockton, fronting the property of the Stockton State Hospital. This claim

was presented against the hospital and an estimate was disallowed for the same by this Board against the hospital's contingent fund, it not being a proper or legal charge against the said fund. The amount in question has been determined to represent a proper charge by said claimant for the work he performed.

Payments of the nature of the four items above have been regularly made by the State in the past and apparently the legislature has desired and does desire to recognize such claims as being proper ones against the State. Basing our acts upon the policy which has been established for the State in these matters we transmit the above claims with our approval, as to their being just claims and worthy of payment.

Coalinga Water & Electric Company, \$25.00.

The amount of this claim represents a demand against the State presented by said Company for the refund of taxes erroneously collected by the Board of Equalization. The Board of Equalization has transmitted to this office a statement of the conditions under which this erroneous assessment was made, and this Board recommends that the return of the money is a just and proper demand against the State.

CLAIM OF THE TOWN OF SUISUN CITY.

The town of Suisun City on April 25, 1912, filed with the State Board of Control a claim for \$3,000 to reimburse it for money spent in the acquisition of rights of way for the dredging of Suisun Slough. These rights of way had actually been purchased by the town of Suisun City and by it deeded to the Government of the United States. Because of this fact, the Board found itself without power to audit the claim.

Representations have been made to this Board, which seem to be founded on fact, to the effect that it was the intention of the last Legislature to provide for the acquisition of these particular rights of way, but that an oversight in the drawing of a bill for the appropriation of money for the purchase of rights of way was responsible for leaving the claim in its present condition.

CLAIMS BARRED BY THE STATUTE OF LIMITATION.

Under the law this Board cannot audit claims against the State that are not presented within the two-year limit set by statute. Only one claim thus barred by the statute of limitation has been presented to this Board during its existence and that is the claim specified below:

Tuolumne County, \$3,208.37.

This claim represents moneys properly paid out by the County for the support of half-orphans during the fifty-eighth, fifty-ninth, sixtieth and sixty-first fiscal years. Through error on the part of the county, these claims were not presented in time to be audited by the Board, but after thorough investigation this Board is satisfied that they are just claims against the State and recommends their payment.

CLAIMS REJECTED.

The following claims presented during the sixty-second fiscal year were rejected on the dates and for the reasons set forth:

State Board of Charities and Corrections, \$30.00.

This claim numbered 4724, was disallowed on January 4, 1911, by the State Board of Examiners. The claim was for traveling expenses of a member of the State Board of Charities and Corrections, and under the holding of the Board did not constitute a proper charge against the appropriation upon which it was drawn, nor did it, in the Board's opinion, constitute a valid claim against the State.

Board of Public Works of the City and County of San Francisco, \$11,433.82.

This claim numbered 8504, was rejected by the State Board of Control on October 14, 1911. The claim in question was for the payment of an assessment levied by the city and county of San Francisco against the property of the State on the harbor front for improvements on Beale street in said city. The claim is not of the same kind as other claims which have been presented from time to time and allowed by the Legislature for expenses in the nature of assessments for improving streets fronting State property. This claim represents assessment levied against the State property as being included in a district formed to do a certain improvement, but which improvement is not upon the frontage of the property owned by the State, but is simply an assessment for general benefits. The city attorney and other representatives of the city and county of San Francisco appeared before this Board and were given full hearing in the matter. The Board finally submitted the legal question involved to the Attorney General, who held that the assessment was not a valid claim against the State.

H. S. Crocker Company, \$7,149.75.

This claim numbered 9071, was rejected on October 28, 1911. It represents a demand against the State made by said company for payment of material which this Board, after an investigation, determined had not been legally or properly purchased by the Superintendent of State Printing. Complete detail in regard to this claim is contained in another part of this report.

Mathray, Sharp & Dennistoun, \$430.10.

This claim numbered 9334, was rejected on June 20, 1911. It was a demand made against the State for attorney's fees in the case of the extradition proceedings brought against Aaron G. Rehfeld, from Winnipeg, Canada. This expense was not legally or properly incurred against the State of California and for that reason was rejected.

The following claims presented in the sixty-third fiscal year were rejected for the reasons as set forth:

Johan Mattson, No. 160, for \$35,000.00, rejected Nov. 21, 1911.

Johan Mattson, No. 4652, for \$533.00, rejected Nov. 27, 1911.

Claim No. 160, was for the death of the son of said Mattson, John F.

Johanson, who was killed by a train of cars operated by the Belt Line Railroad of the Board of State Harbor Commissioners, and claim No. 4652, was for the destruction of one horse and harness and wagon at the same time. The Board after looking into the facts determined that there was no liability on the part of the State and that said claims were not legal or proper.

Rickon Ehrhardt Construction Company, \$3,270.00.

This claim numbered 161, was rejected on September 8, 1911. The claim represents an amount withheld from the contract price, which contract said company entered into with the Department of Engineering and was for a penalty levied by said department against said contractor for a delay of 218 days at the statutory amount of \$15.00 per day. The Board, after a full and complete hearing, determined that the Department of Engineering had acted within the law and that said claimant had no legal or equitable claim against the State.

E. F. Strother, \$6.00.

This claim numbered 1145, was rejected on August 15, 1911. It was for traveling expenses of an employe of the Superintendent of Public Instruction, which expenses were not in the interest or for the benefit of said office, and therefore were not a proper charge against the appropriation against which they were drawn.

Charles Rochr, \$269.50.

This claim numbered 4278, was rejected November 13, 1911. The claim, subsequently, upon presentation of additional data and information, was reconsidered and allowed as appears in another part of this report.

Massachusetts Mutual Life Insurance Co., No. 6686, rejected January 22, 1912, for \$793.24.

Northwestern Mutual Insurance Co., No. 6687, rejected January 22, 1912, for \$4,061.49.

Manhattan Life Insurance Co., No. 6688, rejected January 22, 1912, for \$398.49.

Home Life Insurance Co., No. 6689, rejected January 22, 1912, for \$727.00.

Provident Life & Trust Co., for 6690, rejected January 22, 1912, for \$19.91.

New England Mutual Life Insurance Co., No. 6691, rejected January 22, 1912, for \$2,016.74.

Phoenix Mutual Life Insurance Co., No. 6692, rejected January 22, 1912, for \$157.93.

These claims were demands certified to this Board by the State Board of Equalization for return of taxes computed upon the full amount of returned premiums, which return of taxes the companies claimed under Section 22, Chapter 335, of Statutes 1911. After an investigation into the merits of the demands this Board took action upon the same as shown in the following resolution:

"Resolved, That the State Board of Control refuses to approve the attached request of the State Board of Equalization, presented under date of January 3, 1912,

for the return to the following insurance companies of the amounts specified after each, as moneys returnable in excess of the taxes legally due the State, to wit (then follows list of companies and amounts), and that said claims are hereby rejected for the reason that this Board is not convinced that said moneys have been or are to be collected in excess of what was legally due from said companies, which doubt this Board resolves in favor of the State, leaving the matter open, if necessary, to determination by the courts."

George Geimann, \$173.75.

This claim numbered 6149, was rejected on January 19, 1912. The demand was presented for expenses in the extradition of Edward S. Faweett from Salt Lake City, Utah, and was disallowed by this Board because the expenses had been met by private parties upon the dismissal of the charge against said Faweett. Upon the request of the Chief of Police of San Francisco and for the reasons as stated the claim was disallowed.

State Board of Health, \$62.52.

This claim numbered 6487, was rejected on January 18, 1912. Appropriation out of which it was attempted to be drawn having become exhausted prior to the presentation of the claim.

R. M. Clarken, \$3,500.00.

This claim numbered 7699, was rejected on September 25, 1912. The claim was in the nature of a demand against the State for damages for personal injuries sustained by claimant upon the grounds of the State Capitol during the time when said grounds were torn up in the construction of a new system of electric lighting. After an extended hearing and investigation of the merits of the case, the State Board of Control made the following findings:

"On February 10, 1912, R. M. Clarken, a resident of Sacramento, filed with this Board a claim for damages in the amount of \$3500.00 for injuries sustained by him on the evening of October 10, 1911, in falling over an iron pipe lying across the cement sidewalk on the upper terrace of the State Capitol grounds directly east of the Capitol building.

On February 28, 1912, and on March 21, 1912, opportunities were given Mr. Clarken and his attorneys, A. H. Miller and Downey & Pullen, to present such testimony as they desired to substantiate the claim for damages.

On April 13, 1912, additional data was received from the attorneys of Mr. Clarken relative to fees lost by him during the period he was incapacitated.

On May 25, the attorneys of Mr. Clarken requested this Board to postpone action upon the claim until they could submit a general outline of their claim.

Under date of September 2, 1912, the attorneys for said claimant asked that final action be taken by this Board. The testimony and information before this Board show that no warning lights were placed on the pipes obstructing the cement walk. The Capitol grounds at the time were to a large extent cut up with trenches and strewn with pipe and other material of which condition claimant had knowledge. The pipes on the night in question were easily to be seen at some distance if ordinary care was exercised.

Claimant was severely shaken by the fall and temporarily would have had great difficulty in getting home if he had not been aided.

His condition after arriving home was not considered critical enough to warrant the attention of a physician. That evening he wrote a legible letter of some length to his clerk. In the morning after the accident he made the trip unaided from Sacramento to Oakland.

No testimony or evidence has been presented which tends to prove any permanent injury having been sustained by the claimant upon which this Board would be justified in recommending a payment for damages against the State of California.

The testimony of the claimant's nephew, Wm. C. Hopper, who was the only

physician attending Mr. Clarken for the injuries occasioned by the fall, in no way establishes a physical or mental condition of the claimant which would substantiate a claim for damages beyond the temporary inconvenience of said claimant. While the doctor industriously endeavored to create the thought that the injury was serious by using such expression as 'He looked as if he had been through a threshing machine,' and other intimation of possible permanency of the injuries, yet his professional treatment of the case according to his own testimony shows that he considered the injury of small consequence. On October 12th, the doctor bandaged and treated claimant in Oakland and did not see him again until October 21st, when claimant called at his office in San Francisco and his wrist and side were rebandaged and his knees treated. He testified that he was in telephonic communication with claimant during this period. For this service the doctor 'gave' his uncle 'a bill for \$100.'

The claimant testified in his own behalf and seemed to be as active mentally and physically as the average man of his age and showing no disability as a result of the fall.

This Board finds that claimant is not entitled to any consideration unless it be for actual expenses incurred by him or loss of revenue sustained because of the accident.

The evidence as to this is not very clear. Claimant was definite as to the amount of \$5.00 paid to Dr. McGowan and \$7.50 to Dr. Shaw for subsequent treatment of trouble which may or may not have been caused by the accident. As to payment to his nephew he was not sure, having neither received any receipt or impressed his memory with the amount paid, but thought about \$35.00 or \$50.00. A liberal allowance for medical service we believe would be \$25.00.

Claim is also made that Mr. Clarken lost the collection of twenty fees for marriages which at the statutory amount would equal \$50.00.

This Board is convinced that there was an evident attempt on the part of claimant and witnesses to magnify the seriousness of the accident with the hope of securing damages from the State. But in the face of this feeling and as a matter of equity we recommend that claimant be reimbursed to the amount of \$75.00 to cover medical attention and loss of fees.

The claim as presented in the sum of \$3,500.00 is hereby rejected."

C. S. Eklund, \$3,000.00.

This claim numbered 9385, was rejected on May 29, 1912. The demand in question was for alleged damages sustained by said claimant on June 23, 1911, on the water front in San Francisco. Said claimant was alleged to have sustained certain injuries while employed on bulkhead wharf No. 16, by the giving away of the floor of the wharf causing the lumber to fall upon him, breaking his leg. Said claimant was not employed by the State but was working in a private capacity. The Board after examination of the facts in the case determined that there was no liability on the part of the State and that said claim was not a legal and proper one.

Whittier State School, \$67.62.

This claim numbered 9408, was rejected on April 11, 1912. It was for bills presented against the trustees of said school for expenses of private entertainment of a retiring superintendent of the school and was deemed by this Board not a proper or legal charge against the State funds.

A. H. Cadwell, \$1,800.00.

This claim numbered 9412, was rejected on May 22, 1912. It was a demand presented by said claimant for alleged work and labor rendered at Napa State Hospital for five years while he was an inmate of said hospital. After careful investigation into the demand made this Board was of the opinion that it was not a proper or legal claim against the State.

J. C. Chapman, State agent, \$41.00.

This claim numbered 119, was disallowed on July 5, 1911. It was for expenses incurred by said agent in coming to Sacramento in an attempt to obtain extradition papers for a criminal without the State. It was not a legal charge against the appropriation for the arrest of criminals without the state, but was determined by this Board, if a proper charge against any public fund, it would be a proper charge against the county rather than the State.

The following claims presented during the sixty-fourth fiscal year were rejected on the dates and for the reasons set forth:

Jeff McElwane, No. 472, for \$116.25, was rejected August 20, 1912

Edward M. Rolkin, No. 842, for \$104.50, was rejected August 20, 1912.

The demands in question were for expenses as members of the State Board of Equalization incurred while in the city of Sacramento, and were rejected in conformity with the following resolution adopted by the State Board of Control:

"Resolved, That the personal expenses incurred by State officers at the place established by law as their office or headquarters, do not come within the legal allowance of traveling expenses, and cannot be audited by this Board except in such instances where the law makes specific provision for such allowance."

Department of Engineering, \$14.17.

This claim numbered 3457, was rejected on October 18, 1912. It was a demand for interest made by the Stockton Savings Bank against the appropriation for Sewing Room and Dormitory of Stockton State Hospital and was based upon the fact that the bank had run an overdraft in an advanced payment of certain labor bills at said state hospital. The Board determined that the claim was not a just or legal claim against the State and for that reason it was rejected.

H. W. Johns-Manville Co., No. 2132, for \$1,000.00, rejected December 18, 1912.

The Lamson Co., No. 2133, for \$300.00, rejected December 18, 1912.

Gus V. Brecht Butchers' Supply Co., No 2134, for \$100.00, rejected December 18, 1912.

B. F. Goodrich Co., No. 2292, for \$2,125.00, rejected December 18, 1912.

Aulwyns Law Institute, No. 5056, for \$21,117.41, rejected December 18, 1912.

These claims were demands against the State made by the above companies for the refund of license fees and were based upon decision of the Supreme Court in the case of *Mulford vs. Curry*. After thorough investigation as to the merits of these claims the Board was of the opinion that the claimants had not substantiated any just or proper claims against the State in the amounts asked for, and therefore rejected said claims as not being proper claims against the State.

Department of Engineering, \$7.99.

This claim numbered 5755, was rejected December 13, 1912. This was a demand presented against the Department of Engineering and audited by said department in favor of Crane Company for hardware

which was to be furnished by said company for the gymnasium at Sonoma State Home. The hardware in question was lost by the railroad company in transit and was never delivered to the Home. For that reason and for the reason that the contract with said company was for the delivery of said hardware to the Home, this Board determined that Crane Company did not have a valid or legal claim against the State, but should make claim against the railroad company if it desired reimbursement for the lost hardware.

Miller & Lux, Inc., \$1,500.00.

This claim numbered 5140, was rejected December 16, 1912. The claim in question was for damage against the Board of Prison Directors for non-delivery of grain sacks. The Board rejected same as not being a proper claim against the State.

APPEALS TO THE LEGISLATURE FROM DECISIONS OF BOARD.

Under the provisions of section 671 of the Political Code, any person interested who is aggrieved by disapproval of a claim by the Board, may appeal from the decision to the Legislature of the State by filing with the Board a notice thereof. Among the claimants whose demands have been rejected by this Board there has been one appeal from our decision, and under the provisions of said section the Board herewith records such appeal and holds at the pleasure of the Legislature the records and findings in the case.

The claimant so aggrieved and appealing is *Gus V. Brecht Butchers' Supply Company*, the claim in question being for the sum of \$50.00 for return of filing fee, and the further sum of \$50.00 for a license tax, said claim having been rejected by this Board and disallowed according to statement under the heading of "Claims Rejected."

REVOLVING FUNDS.

Under that section of the law providing that cash revolving funds might be allowed to departments and institutions out of appropriations for their benefit this board has acted favorably upon twenty-four applications.

Under a strict enforcement of the pre-audit system heretofore discussed in this report, together with the system of regular auditing and accounting now established, it has been found that the revolving funds allowed have been a help in the dispatch of business and have not been open to the objections which might well be raised against them under other conditions.

This board finds that the limit of \$500 placed on these funds affords adequate range for the meeting of all proper demands on the departments and institutions using them, with one exception. This exception is the State Department of Engineering.

The State Department of Engineering made application to this board for the allowance of revolving funds out of four appropriations made

for its benefit. The Attorney General advised this Board that it could legally allow more than one revolving fund for a department and the application of the Department of Engineering was approved giving it a total cash credit of \$2,000. This allowance enabled the department to meet a portion of the demands upon it, but not all, and the State Engineer was put to the necessity of making private arrangements with his bank to properly carry on the work of his department.

The State Department of Engineering throughout the year is actively engaged in building operations in all parts of the State; crews of laborers have to be employed and in accordance with custom these laborers must be paid weekly; other incidental expenses also are constantly arising in connection with road work carried on in remote quarters. The nature of the work and the circumstances of the men employed are such that injustice will be done these employes or will be done the State Engineer unless some fund is placed at the disposal of the latter to meet these conditions as they arise. For this reason this Board recommends that a special cash revolving fund not exceeding \$10,000 in amount be placed at the disposal of the State Engineer. This fund would be regularly audited and accounted for in the ordinary course of business and safeguarded by having the disbursing officers give sufficient bond.

Following is a statement of the revolving funds granted:

Revolving Funds Allowed, Sixty-third Fiscal Year.

| | |
|--|----------|
| Superintendent Capitol Building and Grounds..... | \$100 00 |
| Railroad Commission..... | 500 00 |
| Banking Department (drawn from Emergency Fund and returned to General Fund)..... | 500 00 |
| Horticultural Commission..... | 375 00 |
| Labor Commission..... | 500 00 |
| Veterans' Home..... | 500 00 |
| Department of Engineering (traveling and contingent)..... | 500 00 |
| Department of Engineering (Sonora and Mono Road)..... | 500 00 |
| Stockton State Hospital..... | 500 00 |
| Napa State Hospital..... | 500 00 |
| Agnews State Hospital..... | 250 00 |
| Mendocino State Hospital..... | 150 00 |
| Preston School of Industry..... | 200 00 |
| Whittier State School..... | 500 00 |
| San José State Normal School..... | 200 00 |
| California Polytechnic School..... | 300 00 |
| California Highway Commission (Emergency Fund)..... | 100 00 |

Revolving Funds Allowed, Sixty-fourth Fiscal Year.

| | |
|---|----------|
| Board of Health..... | \$250 00 |
| Redwood Park Commission..... | 500 00 |
| San Quentin..... | 500 00 |
| San Francisco State Normal School..... | 500 00 |
| California Polytechnic School..... | 500 00 |
| Department of Engineering (Lake Tahoe Road)..... | 500 00 |
| Department of Engineering (Mono Lake Basin Road)..... | 500 00 |

Recapitulation.

| | |
|---|------------------|
| Revolving Funds Allowed in Sixty-third Fiscal year..... | \$6,175 00 |
| Less amount returned to Banking Department Fund..... | 500 00 |
| | <hr/> \$5,675 00 |
| Revolving Funds Allowed in Sixty-fourth Year..... | 3,250 00 |
| Total..... | <hr/> \$8,925 00 |

RULES OF AUDIT.

Section 668 of the Political Code requires this Board to formulate a set of rules of audit and cause the distribution of the same. The following rules were adopted by this board in July, 1911, and with minor amendments, have been in operation since that time:

RULES GOVERNING THE PRESENTATION AND AUDIT DEMANDS AGAINST STATE FUNDS AND APPROPRIATIONS.

As required by section 668, Political Code.

Every claim against the State, unless there is a special provision exempting it, must be presented to and audited by the Board of Control.

Every contract entered into by any state officer, board, commission, department, or bureau for the purchase of supplies and material, or either, must be approved by the Board of Control before such contract becomes effective.

No purchase of supplies and material, except perishable articles not to exceed \$100.00 in value, can be made in open market by any state officer, board, commission, department, or bureau, unless permission has first been given by the Board of Control.

No indebtedness can be incurred for any purpose in excess of the amount of money appropriated by the Legislature for such purposes, and no deficiency in any appropriation can be created by any state officer or employee, unless the consent of the Governor and Board of Control has first been obtained.

CLAIMS.

In general.

Every claim, unless otherwise provided by law, must be accompanied by affidavit to the effect that the services were actually rendered or the indebtedness incurred solely for the benefit of the State. No claim will be considered otherwise.

The statute of limitations runs against claims not presented to the State within two years after the date upon which the demand accrues, and claims presented after this period can not be audited by this Board for payment from current appropriation.

Each claim must show upon its face the total amount claimed, the party in whose favor the warrant is to be drawn, the chapter number and year and designation of the appropriation against which it is to be drawn, and the fiscal year in which the indebtedness was incurred.

Claims against appropriations and funds under control of the several state officers, boards, etc., shall be presented upon forms approved by the Board of Control, and must bear the affidavit of the officer directly responsible for the indebtedness incurred.

Each claim must be approved by the state officer, or his chief deputy; or, in the case of boards and commissions, by a majority of the mem-

bers, or by the members of a finance committee duly authorized to act by such board or commission.

Itemized accounts must be presented in all cases, setting forth for each article or separate charge, the date, quantity and character, rate and amount. Freight, expressage, cartage and credits must be substantiated by separate and original bills.

All bills must be original.

Such expenses as expressage, telephone and telegraph, should be on original bills, and show from whom, to whom, and where. All such expenses appearing to be of a personal character will be disallowed unless satisfactory explanation accompanies them.

Every bill presented for payment must bear upon its face the number and date of the estimate under which the expenditure was made.

TRAVELING EXPENSES.

(See, also, General Rules.)

Accounts of state officers, employees and agents, while traveling at the expense of the State, must be accompanied by a statement showing the purpose of the trip and must be sworn to by the person incurring the expense.

Receipted vouchers must be presented for each item of expense, unless otherwise stated in these rules.

The affidavit of the claimant is accepted as sufficient voucher for meals, and also for railroad and stage fares, within the State where there are published rates. Receipts should be obtained for transportation charges to points outside the State.

Hack, cab or other special conveyance will not be allowed where street car service is available.

Laundry, tailor, valet and similar services are not considered proper charges against the State, and will not be allowed.

Pullman service will be limited to the accommodation of one berth for each person.

Script transportation books may be used where there is traveling enough to warrant. Receipts should be attached for the purchase of such books, and the claims itemized in such way as to show their use. Rebates on such books should be credited on subsequent claims, or returned to the treasury.

A limit is fixed for single meals off trains at \$1.00, and on trains at \$1.50. A limit for the three daily meals off trains is \$3.00; and \$4.50 on trains, the amounts for each meal to be regulated at the will of the official. The fixing of the above amounts for meals is simply to determine a limit and does not mean that such amounts are legitimate charges in all cases. Under the law only actual and necessary expenditures can be charged. Charges for tips will not be allowed.

No expense to points outside the State will be allowed unless authorization for the incurring of such expense has been obtained from the Governor.

The personal expenses incurred by State officers at the place established by law as their office or headquarters, do not come within the legal allowance of traveling expenses, and cannot be audited by this Board except in such instances where the law makes specific provision for such allowance.

CONTRACTS.

So far as possible for the best interests of the State, all supplies and materials furnished the State will be purchased under contract let upon competitive bids.

Contracts can only be entered into by any state officer, or body of state officers, after full publicity has been given inviting bids for such contracts.

No qualifications in the specifications for any contract that will work to the advantage of any particular bidder or any class of bidders will be tolerated by this Board.

Price, fitness and quality being equal, preference must be given to goods made in California. This, in accordance with the provisions of section 3247 of the Political Code, which, for the information of all who may be affected by it, is here quoted:

“Any person, committee, board, officer, or any other person charged with the purchase, or permitted or authorized to purchase, supplies, goods, wares, merchandise, manufactures, or produce, for the use of the State, or any of its institutions or offices, or for the use of any county or consolidated city and county, or city, or town, shall always, price, fitness and quality being equal, prefer such supplies, goods, wares, merchandise, manufactures, or produce as has been grown, manufactured or produced in this State, and shall next prefer such as have been partially so manufactured, grown or produced in this State. All state, county, city and county, city or town officers, all boards, commissions, or other persons charged with advertising for any such supplies, shall state in their advertisement that such preferences will be made. In any such advertisement no bid shall be asked for any article of a specific brand or mark nor any patent apparatus or appliances, when such requirement would prevent proper competition on the part of dealers in other articles of equal value, utility or merit.”

Proposed contracts, in duplicate, after being properly signed by the interested parties, must be transmitted, with all papers, estimates and recommendations concerning the same, to this Board for its consideration.

NON-CONTRACT.

No requisition for purchases to be made in open market will be approved by this Board, except they be presented accompanied by quotations of prices from all reputable houses reasonably available for such purpose. Such requisitions should be presented in duplicate.

When purchases in open market show a stable necessity for any article during the year, such article must be included in the contract list for the next year.

ESTIMATES.

The law makes it the duty of this Board to control the monthly expenditure of money, and to that end regular monthly estimates for both contract and non-contract purchases must be submitted to this office, in duplicate, before the twentieth of each month for the following month's supplies and approved by this Board before any orders are placed.

Emergency estimates may be sent in at any time during the month for such items as can not be covered by the regular monthly estimates.

APPROPRIATIONS AND FUNDS.

General Appropriation Bill.

The moneys appropriated in the general appropriation act for the support of the state government are to cover a period of two years, and can be used only for indebtedness incurred and transactions consummated within that period.

Inasmuch as the statute of limitations runs in two years, these moneys in the general appropriation act must of necessity lapse at the end of two years from the last day of the period for which they are appropriated.

The provisions contained in the general appropriation act, defining the use of the money appropriated therein, will be strictly followed by this Board. Your special attention is called to those provisions.

Claims against these appropriations must be segregated into the fiscal years in which they were contracted and be drawn on the moneys available for the particular fiscal year in which they occur.

Any balance left over in the first fiscal year is transferable and usable in the second year.

Special Appropriations.

Unless otherwise provided in the act itself, every special appropriation is available until the purpose of the act has been accomplished, without regard to fiscal years.

Special appropriations are not interchangeable, and each must be used only for the particular purpose defined in the act.

Unless otherwise provided in the act itself, no special appropriation is available for indebtedness incurred before the act takes effect.

Funds.

Funds are not subject to the restrictions regarding fiscal years.

They are usable for such purposes as the acts creating them specify and for no other.

IMPROVEMENTS AND REPAIRS.

Whenever repairs or improvements are contemplated, the estimate sent to the Board of Control must be complete, covering all of the expense for labor and material that will be necessary from beginning to completion of the work.

All improvements or repairs which will cost in total the sum of \$1,000.00 must be done by and with the approval of the Department

of Engineering, and the funds or appropriations from which payment is to be made are under the exclusive control of said department. Where the law does not clearly provide for this, the Board of Control will refuse to allow the expenditures unless such procedure is taken.

All repairs or improvements of whatever amounts under \$1,000.00 must, unless otherwise directed by this Board, have the written approval of the Department of Engineering where such work in any way may affect the condition and stability of the structure to be changed.

RULES REGARDING ACCOUNTS OF STATE AGENTS.

Expense accounts of agents in bringing back criminals must be itemized showing each separate expenditure with date thereof, and must be sworn to by the agent.

Vouchers must be furnished for all items of expense excepting meals and street car fare.

No expense other than the actual necessary traveling expenses of the agent and criminal will be allowed by the State. The route taken by the agent to be the most direct and economic one possible.

No expenditures incurred prior to the date of appointment will be allowed except such traveling expense as would be necessarily incurred by the agent in going direct to the place where the arrest has been made.

No rewards, fees or expenses in making the arrest or re-arrest of the criminal can be paid by the State, but are a charge on the county or municipality whose officials ordered the arrest, except rewards offered by the Governor by proclamation.

No attorney fees will be allowed except such as are authorized in advance by the Attorney-General of this State.

No expenses of assistant will be allowed unless authorized by appointment by the Governor. Reasonable porter fees for assisting in watching prisoner en route will be allowed when necessary, in the discretion of the Board of Control.

No compensation, fee or reward of any kind can be paid to a State agent for the service rendered in bringing back a criminal.

No account will be audited until record of return has been made to the Governor's office upon the blanks furnished the agent for that purpose.

RULES GOVERNING PRESENTATION OF CLAIMS OF SHERIFFS.

Per diem will be allowed for only one day where it is possible, under published time tables of transportation, for a trip to be made from county seat to any institution and return within the limit of one day. Where it is necessary in extreme cases for such trip to be made, going in the evening and returning in the morning, expenses over night will be allowed, providing there accompanies the claim certification by the committing judge of the necessity of the additional expense.

All expenditures must be distinctly itemized, and vouchers must be furnished for all items of expense excepting railroad fare within the State, car fare, and meals.

Under the law, the expense of taking criminal insane to the state hospitals is a charge upon the County.

When two or more persons are committed and taken to an institution upon the same date, but one five dollar per diem will be allowed for the sheriff for each day of the trip. The necessary expenses of such assistants as are necessary to carry out the order of the court will be allowed, but no per diem will be allowed for an assistant except with female insane where the law requires a woman assistant.

Where the sheriff or his deputy, or any other person, acts as agent of the State in bringing back criminals from without the bounds of the State, the general rules in the matter of vouchers, receipts and itemization obtain. No attorney's fee will be allowed except it be authorized by the Attorney General of this State and approved by this Board before the expense is incurred. Under the law, no per diem can be allowed the agent.

Automobile hire in transporting persons will not be allowed in excess of the expense that would be necessary by the regular mode of travel.

Further instructions will be found upon the regular blanks issued for sheriffs' claims; also see general rules of this Board.

RULES RELATING TO STATE AID FOR ORPHANS, HALF-ORPHANS AND ABANDONED CHILDREN.

Record books and abstract sheets must be complete in all details, as indicated by the headings in each column; otherwise the State allowance will be withheld.

When there is in the institution a family of two or more children for whose support \$10.00 or more per month is being paid by parent or other party, the whole family can not be considered dependent; but the money paid in shall, under the law, be credited to as many of the children as possible at \$10.00 per child, and only the remaining children shall be placed on the claim for State aid.

Where a parent is paying less than \$10.00 per month for support of a child and it becomes evident to this Board that such parent is able to pay \$10.00 per month for the child's maintenance, State aid will not be allowed.

Where sufficient showing is not made as to dependency, aid will be disallowed.

A child whose father is committed to a state prison or state insane asylum of this State will be considered entitled to half-orphan aid while said parent is within such institution, if conditions warrant the granting of such aid.

Where the mother is dead or is committed to a state institution and the father is living, no aid will be allowed to the children unless the father is physically disabled or otherwise absolutely unable to support such child for some reason sufficient in the opinion of this Board.

Where one parent is dead and the other is committed to a state institution, or where both parents are committed to a state institution, the children will be considered whole orphans if entitled to aid.

Where either or both parents die while residing in another state or country, documentary evidence of the death of the parent must be placed on file at the institution and memorandum made of the same on the abstract sheets, before State aid will be allowed to the child. The practice of bringing dependent children to this State for the express purpose of placing them in institutions drawing State aid will not hereafter be countenanced by this Board. A child, before it is allowed State aid, must be shown to be a bona fide resident of the State and fairly entitled to its protection and support.

Aid will not be allowed for abandoned children unless they have been absolutely abandoned by both parents for at least one year (which makes them subject to adoption) and supported during such year by an institution making claim for such aid.

When a child first enters an institution a copy of the history of such child, as contained in the application for entry, should be mailed to the State Board of Control at once.

Aid can not be allowed for any period prior to the date of the application.

SPECIAL DUTIES OF BOARD.

In addition to the duties of supervising the business affairs of the State and of auditing all claims there are certain other duties placed upon this Board which concern the direct administration of certain funds and appropriations. The activities of the Board in these matters are set forth in the following pages under their appropriate titles.

BOND INVESTMENTS FOR BENEFIT OF STATE SCHOOL FUND.

Since the report of the State Board of Examiners submitted to the legislature under date of December 3, 1910, investments in bonds for the benefit of the state school fund have been made in the sum of \$1,328,500. The average net income on these investments is 4.6572 per cent per annum and compares very favorably with the investments for the previous two year period. Following is a comparative table of the investments for the two periods:

| Period. | Amount invested. | Average rate. | Uninvested. |
|--------------------------|------------------|---------------|--------------|
| To December 3, 1910..... | \$1,459,250 00 | 4.364 | \$313,663 25 |
| To December 6, 1912..... | 1,328,500 00 | 4.6572 | 13,506 72 |

The total amount now invested for the benefit of the state school fund is \$7,478,775, and the average net rate of interest is 4.6015.

The average of 4.6572 established by the State Board of Control in its investments while showing a substantial gain over former rates secured would have been even higher had it not been for two large investments in bonds bearing low rates. These investments were; \$100,000 in State Highway bonds bearing 4 per cent, and \$250,000 in Pasadena Municipal Water Works bonds bearing $4\frac{1}{2}$ per cent. Both of these investments were dictated by sound public policy.

The activity of the State in the market, especially in connection with the purchase of certain school and municipal bonds, has unquestionably resulted in the securing of higher premiums by the different school districts and municipalities from the bond houses.

In certain instances bond houses reluctantly bid upon bonds designed to furnish money for the establishment of municipal control of public utilities. In many instances they refuse to bid. The bonds of these communities in the instances which have come to the attention of this Board have been without flaw and have been allowed to go without a market simply for the reason that there is a bond of sympathy between the bond houses and those in private control of public utilities.

In a number of instances where the conditions above recited have

existed the State Board of Control has accepted the bonds, thus giving timely aid to the people of the particular districts. All of these bonds, as well as all other bonds purchased by this board, have been subjected to the scrutiny of the Attorney General and found to be proper in every respect.

Following is a table showing all investments for the benefit of the state school fund:

INVESTMENTS OF MONIES FOR THE BENEFIT OF THE STATE SCHOOL FUND DECEMBER 3, 1910, TO DECEMBER 6, 1912.

| Name and kind of bonds. | Date of issue. | Rate per cent. | Years. | Par value. | Premium. | Accrued interest. | Total paid. | Date of purchase. | Net rate after all, cent. | Amount of all, December 6, 1912. |
|--|----------------|----------------|-----------|--------------|-----------|-------------------|--------------|-------------------|---------------------------|----------------------------------|
| Sacramento County Refunding. | Dec. 3, 1892 | 4½ | 20 yr. | \$220,000 00 | | | \$220,000 00 | Jan. 3, 1893 | 4.50 | \$20,000 00 |
| State funded debt of 1873 (perpetuated). | Statutes 1893 | 6 | | 1,526,500 00 | | | | | 6.00 | 1,526,500 00 |
| Kern County Refunding. | Dec. 1, 1898 | 4½ | 10-20 yr. | 235,000 00 | 25,121 50 | | 260,121 50 | Dec. 1, 1899 | 3.65 | 130,000 00 |
| Monterey County Refunding. | Jan. 1, 1901 | 4 | 20 yr. | 128,000 00 | 8,819 20 | 841 64 | 137,660 84 | Mar. 2, 1901 | 3.52 | 62,000 00 |
| Mendocino County | June 25, 1901 | 4 | 38 yr. | 95,000 00 | 10,231 50 | | 105,231 50 | July 2, 1901 | 3.48 | 67,500 00 |
| Riverside County Court House. | Sept. 1, 1902 | 4 | 11-40 yr. | 154,000 00 | 19,305 00 | 147 96 | 163,542 96 | Sept. 10, 1902 | 3.29 | 150,000 00 |
| Pomona City High School District. | May 25, 1903 | 4 | 20 yr. | 55,000 00 | 10 60 | 30 40 | 55,100 40 | June 8, 1903 | 4.00 | 30,250 00 |
| San Buenaventura Municipal Improve- | | | | | | | | | | |
| ment. | May 1, 1903 | 5 | 30 yr. | 17,000 00 | 911 30 | 127 50 | 18,038 80 | June 29, 1903 | 4.30 | 8,000 00 |
| Los Angeles City School. | June 1, 1903 | 3½ | 40 yr. | 480,000 00 | | 2,300 00 | 482,300 00 | July 17, 1903 | 3.75 | 372,000 00 |
| Redlands, Langonia and Crofton High School District. | | | | | | | | | | |
| Yreka Water Works. | Apr. 20, 1903 | 5 | 6-20 yr. | 60,000 00 | 5,880 00 | 825 00 | 66,705 00 | July 29, 1903 | 4.00 | 41,000 00 |
| Pasadena City School District. | Nov. 15, 1902 | 5 | 10-22 yr. | 32,500 00 | 2,008 50 | 600 35 | 35,108 85 | Sept. 28, 1903 | 4.50 | 28,500 00 |
| Long Beach City Pier. | Sept. 8, 1903 | 4 | 10-34 yr. | 50,000 00 | | 588 83 | 50,588 83 | Dec. 23, 1903 | 4.00 | 50,000 00 |
| Pomona City School. | Dec. 1, 1903 | 5 | 40 yr. | 100,000 00 | 1,000 00 | 1,180 53 | 102,180 53 | Feb. 26, 1904 | 4.92 | 77,500 00 |
| Pomona City Park. | June 1, 1903 | 4 | 40 yr. | 30,000 00 | | 713 35 | 30,713 35 | Mar. 18, 1904 | 4.00 | 23,250 00 |
| Bakersfield Fire Department. | June 1, 1903 | 4 | 40 yr. | 30,000 00 | | | | Mar. 18, 1904 | 4.00 | 23,250 00 |
| Santa Municipal Improvement. | Jan. 1, 1904 | 4 | 19 yr. | 35,000 00 | | 458 85 | 35,458 85 | Apr. 29, 1904 | 4.00 | 19,000 00 |
| Porterville High School. | Mar. 1, 1904 | 4 | 25 yr. | 35,000 00 | | 248 85 | 35,248 85 | May 5, 1904 | 4.00 | 23,800 00 |
| Merced County Refunding. | Jan. 7, 1904 | 5 | 20 yr. | 25,000 00 | | 479 13 | 25,479 13 | May 25, 1904 | 4.60 | 15,000 00 |
| Antioch Water Works. | Dec. 1, 1903 | 4 | 6-11 yr. | 43,000 00 | 107 50 | 931 67 | 44,039 17 | June 16, 1904 | 3.98 | 11,000 00 |
| Antioch Sewer. | Dec. 1, 1903 | 5 | 22 yr. | 8,000 00 | 100 00 | 140 71 | 8,240 71 | July 20, 1904 | 4.06 | 4,800 00 |
| Oakland School District. | Dec. 1, 1903 | 5 | 20 yr. | 320,000 00 | 371 66 | | 320,371 66 | Sept. 1, 1904 | 4.50 | 226,000 00 |
| Mountain View Water Works. | Oct. 1, 1904 | 4½ | 40 yr. | 5,000 00 | | 31 50 | 5,031 50 | Oct. 10, 1904 | 4.70 | 25,000 00 |
| Yreka Water Works. | Nov. 15, 1902 | 5 | 28-31 yr. | 5,000 00 | 406 00 | 29 15 | 5,435 15 | Dec. 27, 1904 | 4.50 | 5,000 00 |
| Sacramento Levee and Sewer. | Jan. 1, 1906 | 4 | 33 yr. | 165,000 00 | 100 00 | 2,016 65 | 167,116 65 | Apr. 21, 1905 | 4.00 | 130,000 00 |
| Headlands Municipal Improvement. | Jan. 1, 1905 | 6 | 5-40 yr. | 33,000 00 | 5,314 32 | 702 00 | 43,706 32 | May 2, 1905 | 5.00 | 36,500 00 |
| Headlands School District. | July 1, 1905 | 4 | 20 yr. | 35,000 00 | | 408 25 | 35,408 25 | Oct. 11, 1905 | 4.00 | 22,750 00 |
| Oakdale Union High School. | Jan. 10, 1906 | 5 | 2-20 yr. | 30,000 00 | 800 00 | 438 50 | 31,238 50 | June 19, 1906 | 4.00 | 17,000 00 |
| San José High School. | Jan. 1, 1907 | 4 | 20 yr. | 175,000 00 | 800 00 | 2,702 77 | 178,502 77 | May 20, 1907 | 3.95 | 135,000 00 |
| San José School District. | Jan. 1, 1907 | 4 | 40 yr. | 225,000 00 | 1,575 00 | 3,475 00 | 230,050 00 | May 20, 1907 | 3.95 | 200,000 00 |
| San Benito County High School. | Oct. 2, 1907 | 4½ | 15 yr. | 45,000 00 | | 112 50 | 45,112 50 | Oct. 22, 1907 | 4.50 | 30,000 00 |
| San Benito County Refunding. | Oct. 7, 1907 | 5 | 20 yr. | 37,000 00 | | 134 15 | 37,134 15 | Nov. 8, 1907 | 5.00 | 33,000 00 |
| Boeding School District. | July 12, 1907 | 5 | 10 yr. | 10,000 00 | | 103 85 | 10,103 85 | Nov. 9, 1907 | 5.00 | 5,000 00 |

| | | | | | | | | | | | | |
|---|-------|----------|-------|--------|-----|------------|----------|------------|-------|----------|-------|------------|
| Santa Clara Water, Light and Power... | May | 1, 1907 | 4 1/2 | 40 | st. | 21,000 00 | 595 87 | 21,595 87 | Dec. | 18, 1907 | 4.50 | 18,375 00 |
| Los Angeles Water Works..... | Dec. | 1, 1907 | 4 | 7-40 | st. | 510,000 00 | 1,700 00 | 511,700 00 | Dec. | 31, 1907 | 4.00 | 510,000 00 |
| Plumas County Bridge and Highway..... | Oct. | 1, 1907 | 4 | 40 | st. | 100,000 00 | 1,255 55 | 101,255 55 | Jan. | 22, 1908 | 4.00 | 100,000 00 |
| Capital School District..... | Jan. | 21, 1908 | 4 1/2 | 9-40 | st. | 32,000 00 | 500 00 | 32,500 00 | May | 25, 1908 | 4.50 | 32,000 00 |
| Oroville Levee..... | July | 15, 1908 | 4 | 40 | st. | 60,000 00 | 50 00 | 60,050 00 | July | 21, 1908 | 4.00 | 62,000 00 |
| Livermore Sewer..... | July | 1, 1908 | 4 1/2 | 25 | st. | 25,000 00 | 62 50 | 25,062 50 | July | 21, 1908 | 4.50 | 21,000 00 |
| Fairfield Sewer..... | Oct. | 1, 1907 | 5 | 40 | st. | 200,000 00 | 350 00 | 20,350 00 | Aug. | 5, 1908 | 5.00 | 17,500 00 |
| Sacramento Sewer..... | Jan. | 1, 1908 | 4 | 40 | st. | 200,000 00 | 1,066 65 | 201,066 65 | Aug. | 18, 1908 | 4.00 | 180,000 00 |
| San Buenaventura Municipal..... | Dec. | 1, 1907 | 5 | 15-20 | st. | 27,600 00 | 433 15 | 29,733 15 | Sept. | 22, 1908 | 4.50 | 27,600 00 |
| Belvedere Municipal..... | Sept. | 1, 1908 | 4 1/2 | 22 1/2 | st. | 35,000 00 | 130 50 | 36,130 50 | Sept. | 30, 1908 | 4.50 | 32,000 00 |
| Duarte School District..... | Aug. | 10, 1908 | 5 | 20 | st. | 15,000 00 | 116 65 | 15,806 65 | Oct. | 5, 1908 | 4.50 | 15,000 00 |
| Lone Tree School District..... | July | 9, 1908 | 6 | 7 | st. | 3,500 00 | 52 50 | 3,677 50 | Oct. | 7, 1908 | 5.00 | 1,500 00 |
| Sacramento Levee..... | July | 1, 1908 | 4 | 30 | st. | 75,000 00 | 858 33 | 75,858 33 | Oct. | 12, 1908 | 4.00 | 65,000 00 |
| Sacramento High School Furniture..... | July | 1, 1908 | 4 | 25 | st. | 50,000 00 | 622 22 | 50,622 22 | Oct. | 21, 1908 | 4.00 | 42,300 00 |
| Compton City School District..... | Sept. | 7, 1908 | 5 | 20 | st. | 20,000 00 | 161 10 | 20,821 10 | Nov. | 4, 1908 | 4.60 | 16,600 00 |
| Visalia Municipal Improvement..... | July | 1, 1908 | 5 | 20 | st. | 45,000 00 | 2,992 50 | 48,808 75 | Nov. | 23, 1908 | 4.50 | 40,500 00 |
| Eureka School District..... | Sept. | 1, 1908 | 4 1/2 | 15 | st. | 15,000 00 | 100 00 | 15,165 65 | Nov. | 23, 1908 | 4.50 | 11,000 00 |
| Wilmetton Municipal Improvement..... | May | 1, 1908 | 5 | 12 | st. | 30,000 00 | 412 50 | 30,325 00 | Nov. | 28, 1908 | 4.80 | 20,000 00 |
| Porterville School District..... | Aug. | 1, 1908 | 5 | 1-25 | st. | 25,000 00 | 458 35 | 26,678 35 | Dec. | 11, 1908 | 4.50 | 22,000 00 |
| Covina Union High School District..... | Oct. | 5, 1908 | 4 | 11-20 | st. | 60,000 00 | 588 35 | 64,258 35 | Dec. | 14, 1908 | 4.45 | 60,000 00 |
| San Bernardino School District..... | Aug. | 23, 1908 | 4 1/2 | 2-8 | st. | 35,000 00 | 40 00 | 35,039 40 | Jan. | 8, 1909 | 4.49 | 30,000 00 |
| Santa Clara Municipal Sewer System..... | May | 1, 1907 | 4 1/2 | 1-30 | st. | 29,250 00 | 293 25 | 29,513 25 | Jan. | 12, 1909 | 4.50 | 26,250 00 |
| Modesto School District..... | Feb. | 10, 1909 | 5 | 10-25 | st. | 32,000 00 | 355 55 | 35,825 55 | Apr. | 30, 1909 | 4.125 | 32,000 00 |
| El Centro Septic Sewer..... | Nov. | 1, 1908 | 5 | 1-20 | st. | 20,000 00 | 962 50 | 20,000 00 | Apr. | 30, 1909 | 5.00 | 12,000 00 |
| Wilmington Improvement..... | May | 1, 1908 | 5 | 1-28 | st. | 70,000 00 | 191 65 | 70,962 50 | Apr. | 30, 1909 | 4.80 | 70,000 00 |
| San Rafael High School District..... | Feb. | 1, 1909 | 5 | 1-15 | st. | 15,000 00 | 885 00 | 16,066 65 | May | 4, 1909 | 4.15 | 12,000 00 |
| San Rafael School District..... | Feb. | 1, 1909 | 5 | 1-15 | st. | 40,000 00 | 2,960 00 | 43,471 10 | May | 4, 1909 | 4.125 | 34,000 00 |
| Brawley School District..... | Sept. | 14, 1908 | 6 | 5-14 | st. | 25,000 00 | 237 50 | 25,609 00 | May | 10, 1909 | 5.75 | 25,000 00 |
| Modesto Municipal Improvement..... | Apr. | 1, 1909 | 5 | 1-20 | st. | 65,000 00 | 432 50 | 70,290 30 | May | 17, 1909 | 4.19 | 57,000 00 |
| Chino High School District..... | Feb. | 8, 1909 | 5 | 1-20 | st. | 40,000 00 | 415 00 | 43,419 45 | May | 17, 1909 | 4.15 | 34,000 00 |
| El Centro Septic Sewer..... | Nov. | 1, 1908 | 5 | 2-10 | st. | 20,000 00 | 2,875 00 | 28,750 00 | May | 24, 1909 | 5.00 | 20,000 00 |
| South Pasadena City School District..... | June | 21, 1909 | 5 | 4-40 | st. | 60,000 00 | 538 35 | 68,583 35 | Aug. | 24, 1909 | 4.05 | 60,000 00 |
| Huntington Park Union High School District..... | June | 28, 1909 | 5 | 6-24 | st. | 65,000 00 | 514 60 | 72,514 60 | Aug. | 24, 1909 | 4.08 | 65,000 00 |
| Hudson School District..... | June | 28, 1909 | 5 | 1-10 | st. | 10,000 00 | 403 00 | 10,482 15 | Aug. | 24, 1909 | 4.10 | 7,000 00 |
| Pomona City School District..... | July | 12, 1909 | 4 1/2 | 1-40 | st. | 50,000 00 | 456 90 | 50,706 90 | Aug. | 24, 1909 | 4.04 | 79,000 00 |
| Bakersfield School District..... | June | 30, 1909 | 5 | 5-10 | st. | 55,000 00 | 763 90 | 59,150 90 | Oct. | 8, 1909 | 4.01 | 55,000 00 |
| Marysville School District..... | Nov. | 1, 1909 | 4 1/2 | 2-15 | st. | 31,000 00 | 62 00 | 31,587 00 | Nov. | 17, 1909 | 4.25 | 25,000 00 |
| Los Angeles City School District..... | Apr. | 1, 1909 | 4 | 25-40 | st. | 22,000 00 | 136 90 | 22,136 90 | Nov. | 27, 1909 | 4.00 | 22,000 00 |
| Los Angeles City High School District..... | Apr. | 1, 1909 | 4 | 38-40 | st. | 128,000 00 | 799 45 | 128,796 45 | Nov. | 27, 1909 | 4.00 | 128,000 00 |
| San Mateo Union High School District..... | Jan. | 3, 1910 | 4 1/2 | 1-40 | st. | 100,000 00 | 875 00 | 103,875 00 | Mar. | 14, 1910 | 4.23 | 94,000 00 |
| San Jacinto High School District..... | Jan. | 26, 1910 | 5 | 10-34 | st. | 25,000 00 | 225 70 | 27,675 70 | Apr. | 1, 1910 | 4.29 | 25,000 00 |
| Newport Beach Water Works..... | Feb. | 1, 1910 | 5 | 1-40 | st. | 40,000 00 | 477 80 | 41,477 80 | Apr. | 28, 1910 | 4.79 | 38,000 00 |
| Corona School District..... | Mar. | 9, 1910 | 5 | 3-30 | st. | 30,000 00 | 275 00 | 33,375 00 | May | 14, 1910 | 4.33 | 30,000 00 |

INVESTMENTS OF MONEYS FOR THE BENEFIT OF THE STATE SCHOOL FUND DECEMBER 3, 1910, TO DECEMBER 6, 1912.

REPORT OF THE STATE BOARD OF CONTROL.

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| Name and kind. | Date of issue. | Rate per cent | Years. | Par value. | Premium. | Accrued interest. | Total paid. | Date of purchase. | Net rate of interest, cent. | Amount all paid, December 6, 1912. |
|---|----------------|---------------|--------|----------------|-------------|-------------------|----------------|-------------------|-----------------------------|------------------------------------|
| Madera City School District..... | Sept. 19, 1910 | 5 | 1-40 | \$75,000 00 | \$3,575 00 | \$1,166 67 | \$79,741 67 | Jan. 9, 1911 | 4.65 | \$73,000 00 |
| Santa Barbara Waterworks Extension Tunnel..... | Oct. 1, 1910 | 4½ | 1-40 | 40,000 00 | 10 00 | 5 00 | 40,510 00 | Jan. 9, 1911 | 4.50 | 38,000 00 |
| Huntington Park Union High School District..... | Dec. 5, 1910 | 5 | Av. 15 | 15,000 00 | 500 00 | 162 50 | 15,662 50 | Feb. 21, 1911 | 4.69 | 15,000 00 |
| Geary Street Railway (San Francisco)..... | July 1, 1910 | 4½ | Av. 20 | 52,000 00 | 2,300 00 | 396 50 | 52,396 50 | Mar. 3, 1911 | 4.50 | 52,000 00 |
| Selma Union High School District..... | Feb. 8, 1911 | 5 | 3-30 | 60,000 00 | 2,550 00 | 600 00 | 62,000 00 | Apr. 21, 1911 | 4.50 | 57,000 00 |
| Porterville School District..... | Feb. 1, 1911 | 5 | 1-30 | 45,000 00 | 2,550 00 | 743 75 | 48,293 75 | May 31, 1911 | 4.47 | 45,000 00 |
| Hermosa Beach City School District..... | Apr. 1, 1911 | 5 | 1-25 | 25,000 00 | 945 00 | 309 05 | 26,254 05 | June 29, 1911 | 4.60 | 24,000 00 |
| Anaheim School District..... | June 1, 1911 | 5 | 1-15 | 30,000 00 | 975 00 | 170 85 | 31,145 85 | July 12, 1911 | 4.48 | 28,000 00 |
| ✓ Lemoore Union High School District..... | June 1, 1911 | 5 | 3-20 | 70,000 00 | 2,825 00 | 398 60 | 73,223 60 | July 12, 1911 | 4.49 | 67,000 00 |
| ✓ Lemoore City Sewer..... | June 15, 1911 | 5 | 1-30 | 16,000 00 | 335 00 | 157 80 | 16,492 80 | Aug. 25, 1911 | 4.80 | 15,500 00 |
| ✓ State Highway..... | July 3, 1911 | 4 | ----- | 100,000 00 | ----- | 1,688 89 | 101,688 89 | Dec. 5, 1911 | 4.00 | 100,000 00 |
| ✓ Orland Sewer and Waterworks..... | July 1, 1911 | 5 | 2-25 | 50,000 00 | ----- | 1,076 89 | 51,076 89 | Dec. 6, 1911 | 5.00 | 50,000 00 |
| Santa Barbara Waterworks Extension Tunnel..... | Oct. 1, 1910 | 4½ | 1-30 | 39,000 00 | ----- | 321 75 | 39,321 75 | Dec. 7, 1911 | 4.50 | 38,000 00 |
| Gait Joint Union High School District..... | July 1, 1912 | 6 | 2-25 | 50,000 00 | 4,606 10 | 483 34 | 55,089 43 | Aug. 29, 1912 | 5.00 | 50,000 00 |
| Jackson Joint Union High School District..... | May 10, 1912 | 5 | 2-25 | 25,000 00 | ----- | 465 28 | 25,465 28 | Sept. 24, 1912 | 5.00 | 25,000 00 |
| Santa Clara Municipal Improvement..... | July 1, 1912 | 5 | 3-40 | 65,500 00 | ----- | 764 46 | 66,264 46 | Sept. 25, 1912 | 5.00 | 65,500 00 |
| Livermore Sewer Bond No. 26..... | July 1, 1912 | 4½ | 22 | 1,000 00 | ----- | 11 50 | 1,011 50 | Oct. 2, 1912 | 4.50 | 1,000 00 |
| Pasadena Municipal Waterworks..... | Oct. 1, 1912 | 4½ | Av. 27 | 250,000 00 | ----- | 625 00 | 250,625 00 | Oct. 21, 1912 | 4.50 | 250,000 00 |
| ✓ Belvedere School District..... | Apr. 1, 1912 | 4 | 1-13 | 13,000 00 | ----- | 341 35 | 13,341 35 | Oct. 31, 1912 | 4.50 | 13,000 00 |
| Fullerton Municipal..... | Oct. 1, 1912 | 5 | 2-40 | 80,000 00 | ----- | 388 90 | 80,388 90 | Nov. 6, 1912 | 5.00 | 80,000 00 |
| ✓ Bishop Municipal..... | Nov. 1, 1912 | 5 | ----- | 32,000 00 | ----- | 93 33 | 32,093 33 | Nov. 22, 1912 | 5.00 | 32,000 00 |
| Hermosa Beach Wharf..... | July 1, 1912 | 5 | 2-40 | 60,000 00 | 3,116 40 | 1,175 00 | 64,291 40 | Nov. 22, 1912 | 4.60 | 60,000 00 |
| Huntington Beach Wharf..... | June 1, 1912 | 5½ | 7-40 | 70,000 00 | ----- | 1,839 44 | 71,839 44 | Nov. 23, 1912 | 5.50 | 70,000 00 |
| Santa Maria Sewer..... | Jan. 1, 1912 | 5 | ----- | 25,000 00 | 1,236 70 | 517 36 | 26,734 06 | Nov. 30, 1912 | 4.70 | 25,000 00 |
| Bakersfield Public Library..... | Oct. 1, 1912 | 5 | 1-40 | 27,000 00 | 1,402 38 | 236 25 | 28,638 63 | Dec. 4, 1912 | 4.60 | 27,000 00 |
| Bakersfield Fire Department..... | Oct. 1, 1912 | 5 | 1-26 | 13,000 00 | 675 22 | 113 75 | 13,788 97 | Dec. 4, 1912 | 4.60 | 13,000 00 |
| Totals..... | | | | \$1,398,500 00 | \$25,051 80 | \$14,747 30 | \$1,398,299 10 | | | \$1,314,000 00 |

| | |
|--|----------------------|
| Total moneys drawing interest for benefit of State School Fund December 6, 1912 | \$7,172,775 00 |
| Amount invested prior to December 3, 1910, and alive December 6, 1912 | \$6,158,775 00 |
| Amount invested subsequent to December 3, 1910, and alive December 6, 1912: | |
| Bonds paid for from State School Land Fund | \$1,261,000 00 |
| Bonds paid for from Estates of Deceased Persons' Fund | 53,000 00 |
| | <hr/> 1,314,000 00 |
| | <hr/> \$7,472,775 00 |
| Balance in State School Land Fund, December 6, 1912 | \$12,930 01 |
| Balance in Estates of Deceased Persons' Fund, December 6, 1912 | 10,576 71 |
| | <hr/> \$23,506 72 |
| Amount to be retained in Estates of Deceased Persons' Fund | 10,000 00 |
| | <hr/> |
| Balance available for investment for benefit of State School Fund, December 6, 1912 | \$13,506 72 |
| Average net rate per cent on all bonds alive December 6, 1912 | 4.6015 |
| Average net rate per cent on bonds purchased prior to December 3, 1910, and alive December 6, 1912 | 4.5863 |
| Average net rate per cent on bonds purchased subsequent to December 3, 1910, and alive December 6, 1912 | 4.6372 |

BOND INVESTMENTS FOR DISSOLVED SAVINGS BANK FUND.

The total of the Dissolved Savings Bank fund at the present time is \$50,714.42. Of this amount \$33,000 was invested by the State Board of Examiners in Kern County Court House bonds prior to the creation of the State Board of Control. This Board has invested \$6,000 of the fund in the bonds of the Butte City School District. The balance in the fund on December 6, 1912, was \$11,714.42.

SUPPORT OF ORPHANS AND DEPENDENT CHILDREN.

The problem of caring for orphans and dependent children has been given careful attention and much has been accomplished toward systematizing the methods of securing aid as well as determining the exact nature of the applications presented to this Board. Closer scrutiny of applications and the systematizing of the procedure have, in the opinion of this Board, served greatly to reduce the number of improper claims for aid and to secure assistance in proper cases heretofore neglected.

The claims for aid for dependent children are settled on the basis of a six months period. This report therefore will cover settlements for the sixty-second and sixty-third fiscal years. Settlements for the first half of the sixty-fourth fiscal year will not be made until January 1, 1913.

The dispensing of State aid to dependent children falls into two classes, namely: that granted directly to institutions which care for children, and that granted to the counties which in turn grant it directly to the parent or guardian charged with the custody of the child.

Following is a classification of the children to whom aid was granted, and also tables showing the aggregate claims and allowances for the sixty-second and sixty-third fiscal years:

Sixty-second fiscal year.

| | Foundlings | Orphans. | Half orphans. | Abandoned. | Total. |
|--------------------|------------|----------|---------------|------------|--------|
| Institutions ----- | 153 | 526 | 3,243 | 140 | 4,062 |
| Counties ----- | 4 | 200 | 2,947 | 198 | 3,349 |
| Totals ----- | 157 | 726 | 6,190 | 338 | 7,411 |

| | Claimed. | Deducted. | Allowed. |
|--------------------|--------------|------------|--------------|
| Institutions ----- | \$252,371 93 | \$3,770 38 | \$248,601 55 |
| Counties ----- | 185,528 80 | 3,959 68 | 181,569 12 |
| Totals ----- | \$437,900 73 | \$7,730 06 | \$430,170 67 |

Sixty-third fiscal year.

| | Foundlings | Orphans. | Half orphans. | Abandoned. | Total. |
|--------------------|------------|----------|---------------|------------|--------|
| Institutions ----- | 113 | 509 | 2,830 | 125 | 3,577 |
| Counties ----- | | 197 | 3,045 | 168 | 3,410 |
| Totals ----- | 113 | 706 | 5,875 | 293 | 6,987 |

| | Claimed. | Deducted. | Allowed. |
|--------------------|--------------|-------------|--------------|
| Institutions ----- | \$235,681 32 | \$7,659 80 | \$228,021 52 |
| Counties ----- | 208,779 85 | 7,561 41 | 201,218 44 |
| Totals ----- | \$444,461 17 | \$15,221 21 | \$429,239 96 |

From these tabular statements it will be seen that at the end of the sixty-third fiscal year the State had only 6,987 children to provide aid for as compared with 7,411 at the conclusion of the sixty-second fiscal year, a reduction of 424. This reduction is due in large part to the rejection of improper claims, but valuable service has been rendered the State by the Central Committee on Homeless Children of the Native Sons and Native Daughters.

Reports show that to December 1, 1912, this organization, which is charged with the duty of finding homes for abandoned children, has found homes for 275 children, some of whom were formerly inmates of public institutions and charges upon the State, and others who would have become public charges. These same reports show that this organization has applications for 594 children which it has not yet been able to fill. It is reasonable, however, to presume that the activities

of this organization will be as effective in the future, and that the number of children in institutions will be decreased slightly, and increases prevented.

All applications for aid have been thoroughly scrutinized with the means at the disposal of the Board, which have been limited. In cases where doubt arose as to the propriety of continuing aid in certain cases and of granting aid in others this Board has availed itself of the offices of the State Board of Charities and Corrections. The assistance rendered has been valuable, but the method of investigation and of supervision of orphanages has not been as thorough as wise public policy would dictate.

This board earnestly recommends that assistance be granted to make possible thorough supervision of applications and of institutions. This end can best be attained by the allowance to this Board of at least one special investigator whose services will be available for the work of ascertaining the exact circumstances of each applicant and the conditions of different institutions.

In connection with the payment of aid the State Board of Control found that a number of counties of the State has been deprived of just allowances for the reason that their records had been improperly kept or because proper steps had not been taken to comply with the law. One example of this kind was San Francisco County, which received its first allowance for orphan aid from the State Board of Control. Through coöperation between this Board and the county officials the records were systematized and San Francisco County has already received \$77,560.66 in payment of proper demands. Other counties had been in a similar situation.

The appropriation for aid for dependent children made in 1909 was \$875,000; the appropriation made in 1911 was \$860,000; the balance now remaining in the treasury is \$430,760.04.

TRANSPORTATION OF PRISONERS, CHILDREN AND INSANE.

The expenses for the transportation of prisoners, children and insane aggregated \$131,686.46 up to December 6, 1912. There remained in the appropriation of \$195,000 made for this purpose, a balance of \$63,313.54. This balance, it is believed, will be sufficient for the remainder of the fiscal year under the rules laid down by the State Board of Control.

Because of the passage of an act providing for the committing of inebriates and drug habitués to the State hospitals, taken in connection with the natural increase in the number of prisoners and insane committed, a deficiency would have occurred in this appropriation if it had not been for action taken by this Board to eliminate a system of charges which had grown up as a matter of custom.

Under the present law a sheriff is allowed a per diem of \$5 for each day consumed in the transportation of insane or prisoners in addition to all expenses. In addition to this the State allowed the expenses of

deputies needed in the transportation of prisoners and insane, and in the case of women allowed the expenses of a matron and a per diem for the latter. The logic of the allowance of a per diem to the sheriff, it seems to this Board, is sufficiently questionable. However, a custom had grown up under which, in addition to all that the law allowed, each deputy used in the transportation of prisoners or insane was given a per diem of \$3. The multiplication of these expenses, if allowed to continue, would have brought about exorbitant deficiencies.

There was no warrant in law for the payment of per diem to deputies. This expense represented more than 10 per cent of the entire cost of transporting prisoners and insane, and a deficiency of this amount seemed certain. Because of these facts the State Board of Control issued an order that after November 1, 1911, no claim for per diem for deputies would be audited. The amount saved by this order is conservatively determined as \$10,776.99 up to the present time and will approximate \$18,000 when the expenditures of the remaining seven months of the present fiscal year are included.

In relation to the transportation of prisoners and insane this Board is of the opinion that the expense would be more equitably distributed if it were made a county instead of a state charge. This view is especially held because of the separation of state and county taxation.

Whether or not it is to remain a state expense this Board is of the opinion that the insane at least should be transported to the hospitals in the custody of trained attendants. Considering the humanitarian phase of the matter, this is the consensus of opinion among all who are charged with the care of the insane. From the standpoint of economy and business administration the present system is indefensible.

PRISON MANUFACTURE.

By act of the legislature approved February 23, 1911, the state prisons were authorized to engage in the manufacture of all articles and supplies needed in the conduct of the state government or of any political subdivision, or of any school or public institution. This manufacturing was subjected to the joint supervision of the Board of Prison Directors and the State Board of Control.

Because of lack of funds and facilities Folsom Prison has not engaged in manufacture up to this time. San Quentin Prison, however, under the direction of Warden John E. Hoyle, has already established a number of industries and has built up an extensive trade with state institutions.

The benefit to the inmates of the prisons from useful employment is unquestionably conceded by all. That the enterprise from a business standpoint will prove most profitable to the State has been demonstrated by the work so far accomplished in the establishment of the industries.

Because of the necessity of establishing new plants for each industry at San Quentin, the difficulty of quickly training raw and unskilled labor to a standard of efficiency, and the restriction of the law prevent-

ing the prison directors from securing the services of a competent superintendent of industries and skilled foremen the task of establishing the industries, has been difficult. The first two of these causes were to be expected; that the restriction on employment of a superintendent of industries be removed is earnestly recommended by this board.

Because of the causes set forth above and the difficulties attendant upon the carrying out of a project of the size contemplated there have been a number of complaints from different institutions concerning prices, quality and delays. These complaints have been heard and adjusted. Most of these complaints were filed during the first twelve months that the prison was engaged in manufacturing. In the last six months the complaints have been fewer, and unquestionably many of the causes will be eliminated as the prisoners become more efficient and the carrying on of the business is better systematized.

The field for prison manufacture within the state is almost unlimited. That Folsom Prison could also profitably engage in manufacturing cannot be doubted. This Board, therefore, respectfully recommends that a sufficient fund be placed at the disposal of the Board of Prison Directors to be used in the establishment of industries at Folsom Prison.

Provision is made in the present law for the State Board of Prison Directors and the State Board of Control to determine what articles should be manufactured at each prison, so as to avoid unnecessary duplication of plant.

RECTIFICATION OF RIVERS.

Provision was made by the Legislature of 1911 for the purchase of certain lands lying near the mouth of the Sacramento River, which were needed in the plan of the Federal Government for the rectification of that stream. Private interests purchased and donated to the Government a large amount of the land needed. In respect to the remaining tracts difficulties arose and it seemed certain that condemnation proceedings would have to be resorted to to secure the land. The land which could not be secured by private interests was the following: 82.86 acres belonging to L. P. Marshall; 191.34 acres belonging to John Kierce; 763.20 acres belonging to R. D. Robbins; 422.08 acres belonging to partnership of Dozier and Presley; 295.08 acres belonging to the heirs of the Glassel estate; 405.30 acres belonging to the Hind Estate Company; 67.70 acres belonging to C. Larsen.

The delay which would be entailed by the trial of seven condemnation suits, it was feared would materially hamper the prompt beginning of the work by the Federal Engineers. At the direction of his Excellency, Hiram W. Johnson, this Board took steps to see if a peaceful settlement could not be arranged between the state and the different land owners. As a result of a conference called by this Board, four of the land owners have sold their lands to the state as follows: L. P.

Marshall 41.03 acres at \$60 an acre and an easement on 41.83 acres at \$5.00 per acre; the heirs of the Glassel estate 246.64 acres at \$60 an acre and an easement on 48.44 acres at \$5.00 an acre; the Hind Estate Company 303.75 acres at \$60 an acre and an easement of 101.55 acres at \$5 an acre; C. Larsen 67.70 acres at \$60 an acre. Negotiations are now pending with R. D. Robbins. The owners, Kierce and Dozier and Presley, have definitely refused to entertain any reasonable offer from the state. At the request of his Excellency, Hiram W. Johnson, the United States district attorney will proceed with the suits in condemnation.

The price paid for the lands so far acquired was agreed upon as reasonable by the State Board of Control and the State Controller after consulting with men expert in the appraising of lands of this character. The work accomplished makes certain the beginning of operations by the Federal Government without delay on April 1, 1913.

A supplemental report covering this subject in detail will be submitted to the Legislature at the conclusions of negotiations now pending.

STATE ADVERTISING.

By act of the Legislature at the special session of 1911 the duty of placing all state advertising was imposed upon the State Board of Control. The purpose of this act was to take state advertising out of the class of political patronage and, if possible, place it upon a business-like basis.

This Board has conscientiously endeavored to devise some plan whereby the state could secure competition on its advertising in the same manner as all other purchases are governed at the present time. Its experience in this regard has been disappointing. It can safely be said that under the present provisions for advertising there can be no system under which all newspapers will have an equal opportunity.

This Board finds that much of the advertising now done by the State is needless and a waste of money. During a series of years the practice of advertising many things with no particular reason grew up in the form of statutory requirements and as a result these statutes are still in force. The State Board of Control earnestly recommends legislative action to remedy this condition.

The reason for indiscriminate state advertising, if there is any, is founded on the theory of informing the greatest number of citizens possible of what is being done in regard to a particular matter. Under this theory the largest papers of each community of course would secure all the advertising and could fix their own rates. If the theory is, as some contend, to notify the members of some particular trade of the state's desire to secure bids on work this can unquestionably be best accomplished by advertising in trade journals to the exclusion of the daily newspapers. If the object is to get the particular matters advertised at the lowest possible cost it naturally follows that the important

newspapers in all parts of the State will be excluded as their rates are of necessity higher than those of their weaker competitors.

Statutory requirements of publication in different counties add other difficulties to the task of handling advertising on a business-like basis.

In the face of these difficulties the Board of Control has endeavored to establish a uniform rate for state advertising and has brought the newspapers to conform to this rate wherever possible. It has found the newspapers willing to make reasonable reductions, but in some cases has encountered the obstacle of established rates from which the newspapers refused to depart.

The entire subject of state advertising has been thoroughly discussed by members of this Board with representative newspapermen from all parts of the state and the conclusion reached that much of the state advertising should be abolished.

To take the place of the advertising thus wiped out if the Legislature should adopt this view, this Board recommends that provision be made for a register upon which the name of any firm, person or corporation desiring to do business with the State of any kind or character could be recorded for a nominal fee. Whenever thereafter occasion arose for the securing of bids notices could be sent to each and every firm that would be interested in the particular matter. The register should be always open to public inspection, with some particular officer charged with the duty of seeing that its purpose was carried out. The wilful failure to notify any firm recorded, of business in which it would be interested could be made punishable as a misdemeanor.

Certain publications, such as proclamations of the chief executive, and delinquent tax lists could be published in certain cities to be designated by the Legislature after annual competition on a basis of a fixed allowance for a specified unit of circulation.

SUPERINTENDENT OF CAPITOL BUILDING AND GROUNDS.

By the provisions of Chapter 340 of the Statutes of 1911, the direct supervisory responsibility is placed in this Board in connection with the office of the Superintendent of Capitol Building and Grounds. The administrative responsibility is placed directly upon the Superintendent. The chief concern of the Superintendent of the Capitol Building and Grounds has been the proper maintenance of the entire Capitol property. That this work has been carried out on a highly efficient plane cannot be disputed. The condition of the building and grounds is far superior to what it has ever been before.

Through the Department of the Superintendent more efficient methods have also been worked out in the matter of handling supplies for the different State offices. These supplies have been, to some extent standardized, and being bought in an intelligent and businesslike manner, have been secured at much lower prices than ever before. The saving in stationery and general office equipment alone has been sufficient to warrant the existence of the Department. An illustration

of the progress made in the handling of the business of the Capitol Building can be found in a comparison of the present electric light bills as compared with those submitted under former methods. The lighting contract had for years been presented to one company at the exorbitant rate of 5 cents per kilowatt hour. Under the present method, competition was secured and as a result the rate was reduced from 5 cents per kilowatt hour to $1\frac{7}{8}$ cents per kilowatt hour. As a consequence, not only has the service been greatly improved, but the bills against the State show a substantial saving. The records show that the total cost for light and power for the Building for the two years ending April 30, 1911, was \$8,343.10. The same amount of lighting at the present rate would be approximately \$4,500.00, showing a net cash saving of \$3,800.00.

This Board earnestly recommends that the purchasing of all stationery and supplies be placed with the office of the Superintendent of Capitol Building and Grounds, where it can be handled in a most efficient and economical manner.

PREMIUMS ON OFFICIAL BONDS.

Under the provisions of an act approved March 25, 1903, it was provided that the premium or charge for bonds given by surety companies for state officials, county officials, city officials, or city and county officials should be paid by the state, county or city and county respectively.

The constitutionality of this act was attacked and the matter finally came up for adjudication by the State Supreme Court in the case of *San Luis Obispo County vs P. H. Murphy*. In the court's decision of this case, handed down April 11, 1912, the law was held to be constitutional.

Subsequent to the rendering of this decision B. Grant Taylor, clerk of the Supreme Court, made formal demand upon the State Board of Control for the payment of premiums aggregating seventy dollars. These claims were denied for the reason that there was no appropriation to meet such an expenditure.

Data compiled by Hon. A. B. Nye, State Controller, shows that the amount which will be needed for the sixty-fifth and sixty-sixth fiscal years for the payment of the premiums on official bonds will be approximately \$7,000. On this basis for estimating it will be seen that if the Legislature decides to reimburse state officers who have personally paid the premiums on their bonds while the law was in doubt it will be necessary to set aside an appropriation of approximately \$30,000.

In the opinion of this board \$30,000 will be ample to cover the claims as many officials heretofore filed personal surety bonds. The payment of these claims should be subjected to the closest scrutiny.

In addition to the formal demand presented to this Board by B. Grant Taylor, a number of informal demands have been made, but have not been regularly filed pending legislative action.

FINANCIAL STATEMENT.

Following is the financial statement required by statute covering the condition of appropriations made for the support of this board:

Sixty-Second fiscal year (last half).

| | |
|---|------------|
| <i>Traveling Appropriation:</i> | |
| Balance December 3, 1910..... | \$272 29 |
| Expended December 3, 1910, to June 30, 1911..... | 251 53 |
| Balance June 30, 1911..... | \$20 76 |
| <i>Postage and Contingent Appropriation:</i> | |
| Balance December 3, 1910..... | \$370 27 |
| Expended December 3, 1910, to June 30, 1911..... | 267 83 |
| Balance June 30, 1911..... | \$102 44 |
| <i>Printing Appropriation:</i> | |
| Balance December 3, 1910..... | \$270 75 |
| Expended December 3, 1910, to June 30, 1911..... | 209 25 |
| Balance June 30, 1911..... | \$61 50 |
| <i>Salary of Expert:</i> | |
| Balance December 3, 1910..... | \$1,575 00 |
| Expended December 3, 1910, to June 30, 1911..... | 1,575 00 |
| <i>Traveling Expenses of Expert:</i> | |
| From December 3, 1910, to June 30, 1911 (paid from appropriation for support of orphans, etc.)..... | \$500 00 |
| <i>Printing, Various Offices:</i> | |
| Balance December 3, 1910..... | \$3,008 00 |
| Expended December 3, 1910, to June 30, 1911..... | 3,008 00 |
| <i>Official Advertising:</i> | |
| Balance December 3, 1910..... | \$1,060 75 |
| Expended December 3, 1910, to June 30, 1911..... | 675 24 |
| Balance June 30, 1911..... | \$385 51 |
| <i>Purchase of Maps:</i> | |
| Balance December 3, 1910..... | \$1,993 20 |
| Expended December 3, 1910, to June 30, 1911..... | 604 01 |
| Balance June 30, 1911..... | \$1,389 19 |

Sixty-third and Sixty-fourth fiscal years.

| | |
|---|-------------|
| <i>Traveling and Contingent Appropriation:</i> | |
| Total appropriation for two years..... | \$12,000 00 |
| Refunds | 34 44 |
| Total available for two years..... | \$12,034 44 |
| Expended July 1, 1911, to December 6, 1912..... | 9,319 94 |
| Balance December 6, 1912..... | \$2,714 50 |
| <i>Printing Appropriation:</i> | |
| Total for two years..... | \$2,000 00 |
| Expended July 1, 1911, to December 6, 1912..... | 1,290 06 |
| Balance December 6, 1912..... | \$709 94 |
| <i>Printing, Various Offices:</i> | |
| Total for two years..... | \$4,500 00 |
| Expended July 1, 1911, to December 6, 1912..... | 1,146 69 |
| Balance December 6, 1912..... | \$3,353 31 |

Official Advertising:

| | |
|--------------------------|------------|
| Total for two years----- | \$2,000 00 |
| Refunds ----- | 127 79 |

| | |
|---|-------------|
| Total available for two years----- | \$12,127 79 |
| Expended July 1, 1911, to December 6, 1912----- | 794 21 |
| Balance December 6, 1912----- | \$1,333 58 |

Purchase of Maps:

| | |
|---|------------|
| Total for two years----- | \$2,000 00 |
| Expended July 1, 1911, to December 6, 1912----- | 96 50 |

| | |
|-------------------------------|------------|
| Balance December 6, 1912----- | \$1,903 50 |
|-------------------------------|------------|

INVESTIGATIONS.

Heretofore in this report reference has been made to the work which was necessary to eliminate graft, extravagance and wasteful methods in those state institutions and departments where these evils existed. In several instances the board received knowledge that matters were being improperly conducted in certain institutions and departments, in others it was directed to take action by the chief executive of the State. In these cases formal and informal investigations were instituted and special reports concerning the matters disclosed were made to His Excellency, Hiram W. Johnson. The institutions and departments concerned in these investigations were the following:

The State Printing Office.

The Napa State Hospital.

The Southern California State Hospital.

The State Board of Medical Examiners.

The State Board of Examiners in Optometry.

The State Mining Bureau.

Folsom State Prison.

The State Board of Health.

Inspector H. C. Halvorsen of the State Engineering Department.

Following are copies of the reports submitted:

REPORT ON GENERAL CONDUCT OF STATE PRINTING OFFICE UNDER STATE PRINTER W. W. SHANNON.

His Excellency, Hiram W. Johnson, Governor of California, Sacramento, Cal.:

SIR: Herewith the State Board of Control returns to you certain claims against the State of California which you desired investigated and audited. Regarding these claims, the Board recommends that you, as President of the Textbook Committee, refuse to approve the same for the reason that they are a part of a scheme to mulct the State of \$90,850.92 for the benefit of certain business firms which have been closely identified with the State Printing Office for years and have profited enormously as a result of vicious and illegal methods in the conduct of that department. The claims herewith returned to you are one of the Zellerbach Paper Company for \$8,036.53, two of the H. S. Crocker Company for \$3,599.99 and \$1,185.00, respectively, one of the E. J. Shattuck Company for \$1,250.00, and one of George D. Graham for \$1,250.00.

In addition to these claims which have been officially presented to your Excellency, the Board of Control deems it its duty to advise you that there are now in the hands of the State Printer and before this Board claims of these respective firms aggregating \$59,751.88. These additional claims will be pressed for payment in the near future unless a halt is called upon the activities of those engaged in what is obviously an attempt to loot the school and general funds of the State for the benefit of favored contractors.

The object of this scheme, of which these claims are a part, the Board of Control desires to inform you, is to load up the State Printing Office with supplies which will last for a period of from two to six years. The price which the State Printer is attempting to pay for these supplies is outrageously high and the State will be defrauded of many thousands of dollars if the parties are allowed to consummate the deal.

The law distinctly provides that contracts for supplies to be furnished the State Printing Office shall be awarded after competitive bidding annually upon estimates based on the needs for the following year. As a result of the methods employed, this provision of the law has been nullified.

The Board of Control further desires to respectfully advise you that without any of the goods enumerated in the enclosed claims the State Printing Office would have sufficient materials in some instances to run for more than a year, and in all instances would have more than sufficient to operate until the successful contractors under awards at honest prices made July 26, 1911, would be able to make deliveries.

The vicious character of the fraud which is now being attempted against the State can best be illustrated by a comparison of the price charged on the one item of textbook paper in the enclosed claims of the Zellerbach Company and the price bid on the identical paper by another firm.

The enclosed claim of the Zellerbach Company is for part payment on an order for 865,000 pounds of textbook paper at the rate of \$6.65 per hundredweight, a total cost of \$40,655.00.

These facts demonstrate that on this one item alone an exorbitant profit of \$16,876.50 will be levied against the school children of California unless prompt action is taken.

Further, the Board of Control respectfully informs you that a general review of the history of the conduct of the State Printing Office during the last eight years discloses the fact that many thousands of dollars of the State's money which should have remained in the general treasury have been paid out in the form of excessive prices for needless supplies to certain business firms which have apparently exerted a powerful influence in the conduct of the department. Competition for the furnishing of supplies to the department has been nothing more than a farce, and under an outrageous system of purchasing, the funds at the disposal of the State Printing Office have been drained.

Further, the Board informs you that the greatest part of the tremendous profits paid to the firms which have enjoyed a monopoly of the business of the State Printing Office has been levied upon the school children of the State. You are respectfully advised that the provisions of law directing that school books shall be furnished at cost has been recklessly violated and that the State Printer has admitted to this Board that prices on textbooks have been arbitrarily raised by him to a point twenty per cent above the legal charge. The profits accruing from this course have been paid out to favored contractors for excessive supplies.

In order to present to your Excellency clearly and specifically its reasons for the recommendations hereinbefore set forth, the Board of Control finds it necessary to call to your attention general phases of the conduct of the State Printing Office, from which arose a monopoly of the business of that department to the great detriment of the State and the enrichment of the Zellerbach Paper Company, the H. S. Crocker Company, the E. J. Shattuck Company and George D. Graham. The Board will then proceed to a detailed exposition of the facts surrounding the transactions from which the claims herewith returned arose.

Under a system of bidding which maintained until the last sixty days the State Printer has been enabled to arbitrarily disregard samples and bids furnished by bidders in competition and bring about the award of contracts to firms to which he was favorably disposed. As a result of this system a monopoly arose.

Under the monopoly, the Zellerbach Paper Company has supplied all of the paper used in the manufacture of school books. Textbook paper has been the biggest single item of supply for the printing office and, with the contracts for several other items, constituted the Zellerbach Company's share of the business. Concerning the prices paid to the Zellerbach Company, the Board will give further data hereinafter.

Other firms of unquestioned responsibility bid for this business consistently year after year, but were consistently ruled out.

While the attention of the Zellerbach Company was devoted to textbook paper and accessories, the H. S. Crocker Company has enjoyed the lucrative field of bindery supplies and different kinds of paper in which it was given a clear field. Concerning the prices paid to this firm the Board will also hereinafter furnish data. Other firms have bid on these items consistently, but have also been ruled out.

In reference to the manner in which the E. J. Shattuck Company and Geo. D. Graham were given a divided interest in the business of furnishing inks to the State Printing Office, much could be written. Concerning this and the prices paid to these firms, the Board will furnish further data hereinafter.

The records of the State Controller's Office furnish accurate data as to the

amounts paid to the four firms mentioned and are eloquent. During the last eight years—the incumbency of State Printer W. W. Shannon—the records show that payments were made to these firms as follows:

| | Zellerbach. | Crocker. | E. J. Shattuck Co. | Geo. D. Graham. |
|-----------------------|--------------|--------------|--------------------|-----------------|
| 1903 ----- | \$12,103 73 | \$12,830 62 | \$1,652 05 | \$5,436 70 |
| 1904 ----- | 58,484 61 | 46,247 79 | 10,122 32 | 883 50 |
| 1905 ----- | 56,720 61 | 46,516 10 | 6,964 65 | 2,831 00 |
| 1906 ----- | 60,524 14 | 34,536 16 | 6,013 88 | 5,665 21 |
| 1907 ----- | 27,856 83 | 62,189 57 | 3,915 77 | 176 88 |
| 1908 ----- | 48,122 84 | 49,525 04 | 1,508 38 | 2,545 00 |
| 1909 ----- | 16,360 39 | 43,828 98 | 1,928 37 | 2,714 26 |
| 1910 ----- | 35,140 70 | 74,819 76 | 8,114 92 | 3,819 50 |
| 1911 ----- | 15,778 12 | 19,766 75 | 3,372 10 | 2,262 50 |
| Total, 8½ years ----- | \$331,091 97 | \$390,260 77 | \$47,592 44 | \$26,334 55 |

The payments noted above are for the great bulk of materials used at the State Printing Office and demonstrate that the four firms named had an effective grasp of the business.

Further, the Board has found that these favored firms have not only been allowed high prices for current supplies, but that the future has been discounted for their benefit and to insure the maintenance of the monopoly they enjoyed. It is in pursuance of this policy that the present attempt is being made to stock up the printing office with some supplies which will last four, five and six years and pay over in advance to these firms the immense sum of money involved. Such a course would also be effective in shutting out reputable firms that may have secured contracts for the ensuing year at honest prices. The Board finds that without a dollar's worth of the supplies which these firms, with the cooperation of the State Printer are endeavoring to foist upon the State, the Printing Office would have adequate supplies to operate for an extended period.

The Board finds that illegal profits have been levied upon school books and upon printing for the different state departments, and that deficiencies have been created in different funds in utter disregard of law in order to meet the demands of the State Printing Office.

The Board finds that some of these firms, with the assistance of the State Printer, have been enabled to secure from the State sums of money for supplies delivered in excess of the amounts ordered for which no order has ever been issued.

The Board finds that the business of the State Printing Department is in a chaotic condition and that the methods pursued therein can not help but lead to demoralization, as will hereafter be made plain.

With these general facts before you, the Board desires to direct your attention to the specific transactions from which the claims herewith returned to you arose.

ZELLERBACH CLAIM FOR \$8,036.53.

This claim is for part payment on an order for textbook paper given to the Zellerbach Paper Company by State Printer W. W. Shannon on December 16, 1910. The Zellerbach Paper Company had a contract to furnish the State with 2,000 reams of 80 pounds and 1,000 reams of 90 pounds textbook paper, and this contract had six and a half months to run, or until June 30, 1911.

The order was for 9,500 reams, or 865,000 pounds of textbook paper as follows: 2,500 reams of 90 pounds, 3,000 reams of 80 pounds, and 4,000 reams of 100 pounds. At a price of \$6.65 a hundredweight, this order for paper would involve the expenditure of \$57,522.50. The order called for the first delivery not later than March 31, 1911.

On February 10, 1911, the records show that the Zellerbach Paper Company began delivering the order. In all, up to the present time, bills for 935,000 pounds of paper have been "O. K'd" by the State Printing Office and the Zellerbach Paper Company has submitted bills amounting to \$61,620.90.

The records of the State Printing Department show that of the amount billed to the State (935,000 pounds), only 657,430 pounds have ever been delivered. On this point further data will be given hereinafter.

In March of this year, the State Printer endorsed bills of the Zellerbach Paper Company amounting to \$15,778.12, covering early deliveries on the order of paper, and the same were ordered paid by the State Textbook Committee and transmitted to the State Board of Examiners. No knowledge of the nature of the transaction was had by the Board of Examiners as far as can be learned, and these bills were audited on the endorsement of the State Printer. The bills were paid, leaving of the \$61,620.90, \$45,842.78 to be paid. The claim now under consideration is part of that balance.

An examination of the inventory stock now on hand in the State Printing Office, December 15, 1910, the day before State Printer Shannon gave the order to the Zellerbach Company, discloses the fact that there were on hand 5,789 reams of textbook paper as follows: 1,494 reams of 80-pound, 2,780 reams of 90-pound, and 1,515 reams of 100-pound.

An examination of what records are kept in the State Printing Office discloses the fact that in the last five years the average amount of paper used annually for textbooks has been approximately 4,000 reams. According to the yearly average, on December 16, 1910, the day on which the State Printer gave an order for 9,500 reams of textbook paper, there was already on hand a seventeen months' supply which the Zellerbach Company, with the assistance of the State Printer, had previously foisted upon the State. Had there been no paper on hand at all, the order for 9,500 reams would have been a deliberate violation of the law, as it would constitute a two and a half years' supply, at least. The law clearly provided that the contract for supplying textbook paper shall be awarded annually. A further important consideration is that the Zellerbach contract had but six months to run when the order was given, and called for approximately 3,000 reams of paper.

From the facts, it is apparent that should this scheme be consummated, the State would have on hand approximately 14,000 reams of textbook paper, or more than three years' supply. It also appears that the purchase of this tremendous supply was not made for the purpose of securing a reduction in price, because the rate of \$6.65 a hundredweight remained the same whether one ream or ten thousand reams were purchased.

Further, the State Printing Department only had contracts with the Zellerbach Paper Company for the furnishing of 80-pound and 90-pound textbook paper and had no contract for the furnishing of 100-pound paper. No requisition for the 100-pound paper was submitted to the Board of Examiners at the beginning of the last fiscal year; it did not appear in the specifications submitted to bidders, and the records of the office show that there was no necessity for the same, as there was a full year's supply on hand. The order for 100-pound paper was, therefore, given to the Zellerbach Company at its own price, without competition or opportunity for other firms to bid as is required by law. The total cost of the 4,000 reams of 100-pound paper at the Zellerbach price of \$6.65 per hundredweight would be \$26,600.00. The total cost of 4,000 reams of 100-pound textbook paper at a price received by the State in open competition, namely, \$4.70 per hundredweight, would be \$18,800.00, a difference of \$7,800.00.

The 100-pound paper is used in the manufacture of the advanced geography of the state textbook series and is not used for any other book. The records of the State Printing Office disclose the fact that there are on hand in the warehouse and hindery approximately 50,000 copies of the advanced geography, a number of which the State Printer admits is more than sufficient to carry the schools for a full year. There will therefore be no call for any of the 100-pound paper for at least one year.

Should the State allow the consummation of the scheme in which the Zellerbach Company is the chief beneficiary, there would be on hand in the warehouse of the State Printing Department 4,019 reams of 100-pound paper, and stored in a private warehouse in Sacramento, but paid for by the State, more paper of this character. On the basis of 2,000 reams of paper to the 100,000 geographies, the State would have enough paper on hand to supply its schools with geographies for at least four years.

Relative to the other kinds of paper ordered by the State Printer, the records of the printing office warehouse are also interesting. These records show that the State has on hand approximately 1,000,000 textbooks or more than enough to run for an entire year without the printing of an extra volume.

Another fact which is important in a consideration of these claims is that there is never any necessity for the State Printer to order textbook paper in advance of the receipt of orders from the State Textbook Committee for additional books. The records show that the State Textbook Committee aims to keep a six-months' supply

in advance, so that the printing office would have ample notice. On new books the printing office is given one year's time, so that there is no need for ordering paper in advance.

Attention to the aggregate of the Zellerbach claims also discloses the fact that this firm has attempted to deliver to the State approximately \$4,200.00 worth of paper in excess of the amount ordered.

Relative to this point, you are advised that Isador Zellerbach, representing the Zellerbach Paper Company, before the Board of Control, admitted that this firm was in the habit of exceeding the orders placed by the State Printer, and that with the assistance of the latter he had received payment for these excess deliveries. A letter bearing upon the most recent excesses, written by Zellerbach to State Printer Shannon, herewith transmitted to you, is illuminative, and demonstrates that the payment of \$4,200.00 to relieve the Zellerbach Company of excess stock was considered a matter of little moment.

From these facts it will be apparent to your Excellency that the only limit on the amount of textbook paper delivered to the State was fixed by the Zellerbach Paper Company.

Questioned by the Board of Control concerning his order of December 16, 1910, State Printer Shannon admitted that there was no necessity for the 4,000 reams of 100-pound paper or any part thereof. He said he had made a "mistake."

Questioned concerning the necessity for any of the order, he admitted that it was not necessary, and offered no reason for his desire to purchase a two and a half years' supply of paper for the State at excessive prices and in violation of law.

State Printer Shannon admitted to the Board of Control that he had given the order without any requisition from any department of the printing office, and without reference to the amount of stock on hand. Subsequently, the State Printer transmitted to the Board of Control a letter bearing on the order for textbook paper, a copy of which is herewith transmitted to you.

You will note from the State Printer's letter that there were 365 reams of 100-pound paper on hand December 16, 1910, after the last edition of 50,000 advanced geographies had been printed. There has been no order since, and none is likely to be given, as there are 50,000 geographies on hand and still remaining 365 reams of the old 100-pound paper. The State Printer's letter might lead one unacquainted with the facts to believe that the edition of geographies referred to was printed out of the new paper. It was not.

Page 2 of the State Printer's letter might also mislead one who did not read it carefully and take into consideration the facts. The "Primer of Hygiene" and "Primer of Sanitation" referred to were adopted by the State Textbook Committee less than four weeks ago, and it is difficult to see in just what manner they could have had a bearing on an order for paper given last December. Furthermore, the Printing Office has one year in which to print these books.

The latter part of the State Printer's letter is illuminative in regard to the matter of bindery supplies, which will be discussed hereinafter in connection with the claims of H. S. Crocker Company. Its admission as to there being from three to six years' supply of bindery cloth on hand, however, should be considered in connection with the alleged mistake of the Printer in connection with the ordering of textbook paper.

On the point of the necessity for the order of 9,500 reams of textbook paper, the Board of Control respectfully advises you of the following colloquy which took place during the examination of the State Printer before this Board:

MEMBER OF THE BOARD—(In substance asked Mr. Shannon why he ordered that much paper in December, 1910).

SHANNON—"If the election had gone differently I wouldn't have ordered that much."

MEMBER—"How is that?"

SHANNON—"Well, I wouldn't order for the other fellow, would I?"

MEMBER—"Then it was not absolutely necessary?"

SHANNON—"Well, no, it wasn't absolutely necessary."

MEMBER—"Then why did you order it?"

SHANNON—"Well, I thought we needed it."

MEMBER—"But you have just said that it was not necessary."

SHANNON—"Who said it wasn't?"

MEMBER—"You did."

At this point the State Printer digressed to tell of customs in the State Printing Office, and after an extended period returned to the subject. Questioned again con-

cerning the necessity for ordering the paper, Shannon finally said: "Well, I made a mistake and I am willing to confess it."

The State Printer admitted that the ordering of such a quantity of paper at that time and at the price of \$6.65 per hundredweight operated in every way to the detriment of the State and to the benefit of the Zellerbach Company. In addition to his letter, which it will be readily seen is useless to explain the paper order, Shannon was able to offer no reason for his action.

He agreed with the Board of Control that the only necessity for keeping textbook paper on hand would be for the purpose of replenishing warehouse supplies of finished books, and that paper for this purpose could be secured after the order was given by the State Textbook Committee.

From these facts, it will be seen that there is no absolute necessity for keeping any textbook paper on hand; yet the State has already paid the Zellerbach Company for and received over \$50,000.00 worth of this commodity and the attempt is now being made to unload an additional \$46,000.00 worth upon the State.

Concerning the delivery of the paper to the State there is much of interest. It appears from the warehouse records of the State Printing Office that of the 935,000 pounds billed to the State by the Zellerbach Paper Company, only 657,430 pounds have been received.

The remainder of the paper, 277,900 pounds, it has been learned, is stored in a private warehouse in Sacramento, is insured by the Zellerbach Paper Company and subject to its orders; yet the bills have been marked "O. K." by the State Printing Department. In view of the fact that the law requires delivery of all supplies at the State Printing Office, comment is unnecessary.

The Board of Control examined Isador Zellerbach, representing the paper company, at length, regarding the circumstances of the transaction and takes the view that this gentleman, from twenty years' experience in supplying textbook paper to the printing department, was well aware of the excessive character of the order given December 16, 1910, when he and the State Printer had a personal interview from which the order resulted.

The records also show that this same firm, by a similar transaction in the past, insured its hold on the text-book business of the Printing Department. A full consideration of every possible fact that might, in any manner tend to show that the State could possibly benefit by the transaction has failed to reveal to the Board of Control that such could be done. On the other hand, State Printer Shannon has admitted to the Board that his action operated in every way to the detriment of the State and to the benefit of the Zellerbach Paper Company.

Summarizing the foregoing and as specific reasons for the rejection of the claim of the Zellerbach Paper Company for \$8,036.53, herewith returned to you, the Board of Control respectfully submits:

1. That the order is for an amount in excess of a year's supply, and is therefore illegal.
2. That there was on hand in the State Printing Office at the time the order was given, seventeen months' supply of textbook paper, and the order of December 16, 1910, was for that reason illegal.
3. That the order for 100-pound paper was illegal, no other firm having had an opportunity to bid on same as provided by section 532 of the Political Code. The State Printer submitted no estimate for the same at the beginning of the fiscal year and the records of the department show none was needed.
4. That the State is not liable for the alleged "mistake" of the State Printer, which violates the direct provisions of law.
5. That the order from which this claim arose is an attempt to perpetuate a monopoly for the Zellerbach Paper Company on the business of supplying the State with text-book paper by deliberately setting at naught the law requiring the letting of contracts annually.
6. That unless this claim and others which are to follow as part of the same transaction are rejected, the State will be defrauded of \$16,867.50 in the form of an excessive profit to this firm without taking into consideration the expense of storage and great risk of loss by fire.
7. That all of the evidence and circumstances connected with this claim clearly demonstrate that it is part of a scheme to mulct the State of a large sum of money and to prevent the State from buying its supplies from reputable firms at honest prices after all have had an opportunity to compete for the business of the printing office on fair and even terms.

CLAIMS OF THE H. S. CROCKER COMPANY FOR \$3,599.99 AND \$1,185.00.

Relative to the enclosed claims of the H. S. Crocker Company, the Board of Control advises you that from facts developed up to the present time, it is apparent that this firm was allotted \$23,815.33 as its share of the general scheme to mulct the State. The enclosed claims represent but a part of this company's interest in the scheme which had for its object the cornering of the state printing office business at excessive prices.

You are respectfully advised that the supplies designated in these claims are not necessary for the conduct of the printing office. In substantiation of this declaration, the State Board of Control desires to refer you to the letter of the State Printer herewith transmitted. On page 3 you will find that he admits having on hand from two to six years' supply of different bindery cloths, and two and a half years' supply of the specific cloth designated in the enclosed claim. As the order from which the claim of \$1,185.00 for extra cloth was given in May of this year, when the Crocker contract had less than sixty days to run, comment seems unnecessary. Without any of the extra (geography) cloth mentioned in these two claims, aggregating 350 rolls, the State would have on hand 835 rolls, or two years' supply, at the very lowest calculation. The Crocker Company sold this former order to the State.

A fact which deserves and demands immediate attention, however, is that previous to the orders from which these claims arose, the Crocker Company foisted upon the State extra cloths of all varieties, valued at \$30,981.90, and this valuable stock is being carried at great risk of loss by fire. What possible vestige of reason could be assigned for the latest order is not known to the Board of Control. The State Printer can assign none.

This condition means that not only has the State's money been paid to the Crocker Company from two to six years in advance of the time the goods will be needed, but it shows the reason why reputable business firms became disgusted with the State's manner of doing business. It also demonstrates without a chance for mistake the methods used to maintain the monopoly that existed in connection with the business of furnishing supplies to the State Printing Office until the last sixty days.

On the claim of the Crocker Company herewith transmitted to your Excellency you will note the item "130 (6,799 feet) Hides, American Russia Cowhide, .295 per foot, \$2,005.70." The Board respectfully calls your attention to the fact that this hide was delivered in May, 1911, less than sixty days prior to the awarding of new contracts. The Board further informs you that should these hides be accepted the State would have on hand about seven years' supply.

In this instance, as in that of textbook paper and extra cloth, the State, should these claims be allowed, would have a large sum of money invested in goods that cannot possibly be used for years, would have to assume the risk of loss by fire and deterioration, as well as the expense of maintaining needlessly large warehouses, and finally it would be notice to reputable firms that their competition for the business of the State would be useless.

Concerning the items on other bills of the H. S. Crocker Company, which have not yet been presented to you, you are respectfully informed that the same condition prevails.

It is obvious that greedy men have recklessly disregarded the law and are endeavoring to foist upon the State useless supplies at outrageous prices. It is also a strikingly peculiar fact that in the prices of their textbooks the school children of the State would have to foot the bill.

Summarizing the foregoing and as specific reasons for the rejection of the enclosed claims of the H. S. Crocker Company, herewith returned to you, the Board of Control respectfully submits:

1. That when the order for the geography cloth specified in this claim was given, the State actually had on hand from two to four years' supply of the material, and the order was therefore illegal.
2. That the amount of geography cloth ordered as set forth in these claims was approximately two years' supply and illegal for that reason, the law requiring that the contract shall be let annually.
3. That at the time these orders were given, the contract of the Crocker Company had but 90 days to run, and that as a result of many years of experience in supplying the printing office with this material the claimant knew that the order was excessive.

4. That these claims are part of a transaction, the object of which is to strengthen a monopoly on the business of furnishing supplies to the State Printing Office by overstocking that department just previous to the awarding of the contracts each year.

5. That the records clearly show that these claims are part of a scheme to mulct the State of large sums of money for the benefit of favored contractors.

6. That an examination of the stock of the State Printing Office discloses the fact that this company has been benefited in the past by foisting upon the State an amount of this and other cloth valued at approximately \$40,000.00, which constitutes approximately four years' supply, and which must be carried at great risk.

7. That the two orders for hides on the claim of the Crocker Company against the state printing fund, herewith transmitted for your inspection and information, corroborate the statement that all of these orders were given and filled with the sole purpose of overstocking the State Printing Office for the benefit of the H. S. Crocker Company.

8. That many of the items on bills now before the Board of Control, all of which are part of one general fraudulent scheme, show that they were ordered after the Board of Control assumed office and after this Board had notified the State Printer not to purchase any supplies except those necessary for the conduct of his department until new contracts could be awarded in accordance with law.

9. That the acceptance of these supplies will require the continuance of a levy of illegal profits on school books furnished the children of the State, that being the only source from which these bills can be paid.

CLAIM OF E. J. SHATTUCK COMPANY FOR \$1,250.00. CLAIM OF GEORGE D. GRAHAM FOR \$1,250.00.

In reference to the enclosed claims of the E. J. Shattuck Company and of George D. Graham, you are advised that they are part of the scheme before mentioned to overload the State Printing Department with supplies for the purpose of defeating the intent of the law that contracts shall be awarded annually. You are further advised that the inks herein designated are not needed for the operation of the State Printing Department.

You are further advised that these orders for ink were given after the Board of Control had assumed office, and after this Board had instructed State Printer Shannon not to buy any supplies in excess of what would be necessary to operate his department until the new contracts would be awarded—a period of forty days.

You are also respectfully advised that the prices herein charged the State are excessive and outrageous. The practice of paying these firms excessive profits has maintained for years, as a result of the monopoly which they have been allowed to secure on that portion of the State's business.

The Board further desires to bring to your attention the fact that the ink business of the State Printing Office, amounting to approximately \$73,000.00 in eight years, has been apportioned to these two firms at the prices mentioned in these claims, namely, \$2.50 a pound. Conclusive evidence is in the possession of the Board of Control that an honest price for these inks is not more than 75 cents per pound.

The Board respectfully informs you that one of the claimants, George D. Graham, under examination by the Board of Control, related with engaging frankness how the ink business of the State Printing Office had been handed out as a reward for faithful political support at the pleasure of the head of the department.

You are respectfully advised that Robert J. Sheridan, representing the claimant, E. J. Shattuck Company, on examination before the Board of Control, admitted that if the competition were "keen" he could have supplied the ink billed to the State at \$2.50 per pound at a much lower price, still making a fair profit.

That the ink business of the State Printing Company has been awarded annually without a pretense of protecting the interests of the State is apparent from a review of the record. By an understanding, expressed or implied, the awards of ink were made to these two firms consistently, year after year, at outrageously high prices, each securing approximately one half of the twenty-four items on the ink list. Another striking peculiarity of the ink awards has been that the bids of these two firms have exhibited a strange similarity throughout year after year. No test of the comparative merits of the inks has been made in eight years, and in view of the statements of these two claimants before this Board it is difficult to see just how the awards could be made intelligently.

Robert J. Sheridan, expert representative of the claimant, E. J. Shattuck Company, was asked:

"Could you tell the difference between two inks by merely looking at them?"

"I could not, and there is not a living man who could. To determine the quality of inks you would have to give them a working test on a press."

In reply to the same question, George D. Graham, the other claimant, who has had thirty years' experience, said:

"I could not. Nobody can. You have to work the inks on a press and 'doctor' them to suit the equipment."

Bearing more particularly upon the claims herewith returned to you, the Board respectfully advises you that the ink therein specified represents a six months' supply, according to the statements of the State Printer. Further, your attention is called to the fact that the bills are dated June 8th and June 11th of this year. On June 5th, the Board of Control directed the State Printer to purchase nothing on the old contracts that was not absolutely necessary to carry his office until new contracts could be awarded July 15th.

Your attention is further called to the fact that the new contracts could have been awarded June 5th had it not been for a "mistake" of the State Printer in opening a sealed bid one day ahead of time.

You are advised that the supplies were not needed and that unless these claims are rejected and the goods returned, the State will be forced to pay excessive prices for a commodity that it can secure at less than one third the cost named when the necessity arises.

Summarizing the foregoing, and as specific reasons for the rejection of the enclosed claims of the E. J. Shattuck Company and of George D. Graham, the Board of Control respectfully submits:

1. That these claims represent a part of a general scheme to mulet the State of a large sum of money.

2. That the amount of ink ordered, being not less than six months' supply, was excessive, as the contracts of the claimants had but twenty-five days to run.

3. That the orders were given in violation of law, after the State Printer had been directed not to purchase excessive supplies.

4. That these orders were given for the sole purpose of strengthening the monopoly of these two claimants, on the ink business of the State Printing Office.

5. That even if the order was legal, the claimant George D. Graham delivered and is attempting to collect for 500 pounds of ink, whereas 400 pounds was ordered.

6. That these claimants had filled their contracts at excessive prices and that these orders are an attempt to give them additional exorbitant profit.

Further data bearing upon the transactions from which the enclosed claims arose and upon the general conduct of the State Printing Office is in possession of the Board of Control and will be furnished to your Excellency upon request.

From the facts hereinbefore presented to your Excellency, it will be apparent that to pay the excessive profits allowed to favored contractors, it was necessary for the State Printing Office to derive an abnormal revenue from some source, as the legislature makes no appropriation for that department with the exception of the salary of the State Printer and his deputy.

The sources from which this revenue was derived were the different State departments which are required to have their printing done at the State Printing Office, and the sale of textbooks to the school children of the State.

Three fifths of the business of the State Printing Office is the manufacture of textbooks. It will therefore be apparent to your Excellency that three fifths of the excessive profits which favored contractors have been deriving from the State have been levied upon the school books.

At this point the Board desires to recall to your attention the tabulated list hereinbefore given, showing the payment during the last eight years to the Zellerbach Paper Company, the H. S. Crocker Company, the E. J. Shattuck Company and George D. Graham, aggregating \$795,279.73.

What proportion of this immense sum represents excessive profits can only be estimated, using the prices paid for textbook paper, inks and other supplies as a basis. That a large percentage was excessive profit is clear, and it is further clear that three fifths of this profit was provided by increasing the cost of textbooks to the school children.

That this was the manner in which funds were secured to pay the excessive profits has been admitted to the Board of Control by State Printer Shannon.

The State Printer has admitted to the Board of Control that it has been his practice to arbitrarily place a profit of twenty per cent on each textbook in spite of the provision of law which directs that textbooks shall be furnished to the school children at actual cost.

The sole explanation the State Printer had to offer for the flagrant violation of a clear provision of law was that he desired to pay back into the state treasury the original cost of the printing plant—approximately \$350,000.00.

The character of this defense is made clear by the fact that not one dollar of the original cost of the state printing plant has been paid back into the state treasury. The funds of the State Printing Department contain only enough money to meet one quarter of the claims against this department now outstanding.

All that the State has to show for the immense sum which has been assessed against the school children is the excessive supply of material now on hand in the State Printing Office, purchased at outrageous prices, and being carried at great cost as well as risk of destruction by fire. The balance has been paid out in illegal profits to favored contractors.

The Board respectfully advises your Excellency that the enclosed claims are charges against the funds secured from the sale of textbooks. To pay these claims, it will therefore be apparent it would be necessary to continue a lawless system, the chief beneficiaries of which have been the claimants herein mentioned, and the victims of which have been the school children of the State of California.

Respectfully submitted,

JAMES A. JOHNSTON.
JOHN FRANCIS NEYLAN.
C. L. SEAVEY,
State Board of Control.

Dated, Sacramento, Cal., July 29, 1911.

Copy.

July 3, 1911.

To the State Board of Control, State Capitol.

GENTLEMEN: In reply to your query as to the necessity for the order for 9,500 reams of textbook paper given the Zellerbach Paper Company on December 16th last, I respectfully report as follows:

After the adoption of the present Advanced Geography by the Textbook Committee, I ordered of the Zellerbach Paper Company, on April 9, 1908, 4,000 reams 100-pound, 34 x 51.

On June 2, 1909, the Textbook Committee ordered 75,000 copies Advanced Geography. We printed 100,000 copies in two lots of 50,000 each. Authorization for the printing of the additional 25,000 was given us on November 28, 1910.

On December 10, 1910, I received an order from the Textbook Committee for 50,000 copies Advanced Geography. The printing of this edition practically exhausted the supply of 100-pound paper on hand, leaving but 365 reams unused.

On December 16, 1910, six days after the receipt of this last order, I placed with the Zellerbach Paper Company an additional order for 4,000 reams of the 100-pound paper.

The Advanced Geography went on sale August, 1909, more than one year after its adoption. Commencing with that month, August, we sold, during the balance of the fiscal year ending June 30, 1910, 67,604 Advanced Geographies. From July 1, 1910, down to December 31, 1910, the month in which I placed the order for additional paper, we sold 26,306 copies of the book, making a total of 93,910 copies in eighteen months. As 4,000 reams will print approximately 160,000 copies of the book, it is apparent that I made an error and ordered more paper than was actually necessary at the time I placed the order. That it is not serious, however, is evidenced by the fact that the contract for Advanced Geography runs until July 1, 1916, and all the paper ordered and delivered should be used by 1914, two years in advance of the expiration of the contract.

As to the 2,500 reams 31 x 46 and 3,000 reams 31 x 42 there is no question about the necessity for the order of that quantity. An order of 50,000 copies each of the two books—Primer of Hygiene and Primer of Sanitation—adopted by the State Board of Education last week, will consume one half of the 31 x 46 paper ordered December 16th, and an order for 100,000 copies each will exhaust the entire 2,500 reams. In addition to this the order of June 7th from the Textbook Committee,

already shown your Board, will take approximately 750 reams of 31 x 42 and 750 reams of 31 x 46. It will thus be seen that early in the next fiscal year, and perhaps before the close of this, we will be in the market for more textbook paper.

The following table shows the amount of textbook paper actually used on school textbooks during my incumbency of the office of Superintendent of State Printing, from January, 1903, to December 31, 1910:

| | |
|-------|---------------|
| 1903 | 1,038 reams |
| 1904 | 5,504 reams |
| 1905 | 6,686½ reams |
| 1906 | 6,570 reams |
| 1907 | 2,586 reams |
| 1908 | 1,172 reams |
| 1909 | 3,925 reams |
| 1910 | 5,226 reams |
| Total | 32,707½ reams |

In the matter of school book cloth we have on hand June 30, 1911, as follows:

- 1,226 rolls Reader cloth, enough to last three years.
- 1,117 rolls Speller cloth, enough to last six years.
- 1,185 rolls Geography cloth, enough to last two and one half years.
- 542 rolls Arithmetic cloth, enough to last four years.
- 608 rolls Brief History cloth, enough to last four years.
- 82 rolls Introductory History cloth, will make 32,000 books. Stock will be exhausted next fiscal year.
- 347 rolls English Lessons and Civics cloth, enough to last two years.
- 304 rolls Physiology cloth, enough to last one year.

Respectfully submitted.

W. W. SHANNON,
Superintendent of State Printing.

LETTER OF ISADOR ZELLERBACH TO STATE PRINTER W. W. SHANNON.

SAN FRANCISCO, CAL., June 16, 1911.

Hon. W. W. Shannon, Supt. State Printing, Sacramento, Cal.

DEAR WILL: When you were here last week I explained to you that the overrun on the last order for textbook paper was a normal overrun and such as the trade customs allow to the manufacturer of paper, the overrun being less than 10 per cent.

In order to keep your records straight, I think you should give me a formal order for such an amount of this paper as will cover this overrun, stating the reasons why. You will understand, of course, that we have no recourse on the mill, as on all orders sent them for merchandise, the manufacturer has a leeway of 10 per cent over or under the amount ordered, which constitutes a good delivery, and therefore I think in order to keep all records straight you should send us a formal order before our contract expires, covering this amount.

Yours truly,

1Z—11

(Signed) I. ZELLERBACH.

SUMMARY OF RESULTS OF INVESTIGATION OF STATE PRINTING OFFICE.

1. The cost of every article used in the State Printing Office has been reduced. A table heretofore presented in this report shows that the excessive percentage in the prices of the same or inferior materials under State Printer Shannon ranged from 3 per cent to 1,150 per cent.

2. Legitimate competition for the business of supplying the office has been restored and the ring of supply contractors effectively broken. This ring had controlled the office for fifteen years.

3. A thorough and modern system of cost finding has been installed.

4. The prices of printing for every department and institution of the State have been reduced from 5 per cent to 60 per cent.

5. The efficiency of the plant has been increased by State Printer Richardson until it can compete with any commercial plant in the State and underbid the commercial firm.

6. The price of all textbooks printed in the last year have been reduced on an average of 42 per cent, as shown in the following table:

| No. | Name. | New manufacturing cost. | Old manufacturing cost. | Percentage of reduction. |
|--------|---------------------------|-------------------------|-------------------------|--------------------------|
| 20,000 | Primer | \$.124 | \$.172 | .38 |
| 10,000 | Second Readers | .13 | .1875 | .44 |
| 10,000 | Third Readers | .156 | .31 | .50 |
| 10,000 | Fourth Readers | .159 | .33 | .52 |
| 10,000 | Speller—Book I | .12 | .165 | .37 |
| 10,000 | Speller—Book II | .117 | .165 | .38 |
| 10,000 | First Arithmetic | .138 | .2075 | .33 |
| 10,000 | Advanced Arithmetic | .163 | .32 | .49 |
| 10,000 | Introductor History | .167 | .30 | .48 |
| 25,000 | Civics | .215 | .375 | .42 |
| 10,000 | Primer of Hygiene..... | .114 | .17 | .33 |

Average reduction, 42 per cent.

7. In the state textbook fund, which was mortgaged to the extent of \$56,000 when this Board took charge, there is now a credit balance of \$162,000 and finished books in the warehouse valued at not less than \$50,000. This balance and stock on hand are sufficient to initiate the free textbook system in the public schools.

8. This record has been made in spite of the excess stock at high prices carried over from Shannon.

All of the facts contained in this report on the State Printing Office have heretofore been submitted to the Senate Textbook Investigating Committee, which in addition made inquiry into many matters which did not come within the jurisdiction of this Board. Because of the thoroughness and complete nature of the record of testimony which will unquestionably be submitted by the Senate Investigating Committee this Board will refrain from reference to many details which would throw light on the methods which were in vogue.

This Board wishes to make plain in the record the fact that the results attained in the reorganization of the State Printing Office as heretofore set forth were in large part due to the vigor with which the Senate committee prosecuted its inquiry under authority of the Senate resolution adopted January 23, 1911.

REPORT OF INVESTIGATION OF NAPA STATE HOSPITAL.

His Excellency Hiram W. Johnson, Governor of California.

SIR: Pursuant to your directions a thorough investigation of the business affairs of the Napa State Hospital has been made, and herewith is transmitted to you the transcript of the record of testimony taken, together with other documents bearing on the subject-matter.

As a result of the disclosures of certain facts during the investigation, it was found imperative that a complete change be made in the management of the institution, and that radical measures be adopted at once to place the hospital on a higher level than that to which it had retrograded as a result of many contributing causes.

Absolute neglect and disregard of the obligations of a public trust on the part of the members of the Board of Managers; a series of felony embezzlements of public moneys by the Medical Superintendent, and gross extravagances on the part of this same official; deliberate swindling of the State through the furnishing of inferior goods by supply contractors; favoritism towards one or two disreputable business firms; distribution of supply business as political patronage; the toleration by the executive head of the institution of big and petty graft on the part of certain favorite subordinates; the destruction of public records and absolute disregard of law in the keeping of accounts; gross incompetency and inefficiency in the business department; and a forgetfulness of the fact that the institution was founded by the people for the benefit of the unfortunate insane, are in general, the causes which demand a new administration of the affairs of the Napa State Hospital.

As is known to your Excellency, the following officers and employees of the institution have either resigned or been dismissed from the employ of the State because of the facts disclosed: Henry M. Meacham, John Henry Steves, and Richard Belcher, members of the Board of Managers, resigned; Dr. Elmer E. Stone, Medical Superintendent, resignation submitted to take effect February 1, 1912; Franklin W. Bush, steward, dismissed; Ben Jones, storekeeper, dismissed; I. N. Enright, foreman plumber, dismissed; Robert Edwards, head attendant, dismissed.

The Steward's Department—constituted by law the purchasing and business department of the institution—has been reorganized and put upon a proper basis. In that department henceforward will center the business affairs of the institution as is contemplated by law, proper records will be kept, regular audits made, and effective checks interposed to prevent the defrauding of the State, either by contractors or employes or officers so inclined.

The State Board of Control will hold itself in readiness to cooperate with the Board of Managers as reorganized by the naming of successors to Messrs. Meacham, Steves and Belcher, and to furnish any data or information in its possession which will aid in their task of conducting the institution along proper lines.

The investigation of the Napa State Hospital was begun December 30, 1911, and has just been concluded. No audit of the accounts of the institution had been previously made, at least for ten years, and owing to the destruction of records and neglect of others it has been impossible to determine accurately what amount of money the State has actually lost during the ten years' incumbency of Dr. Elmer E. Stone as Medical Superintendent. The known system under which embezzlements were accomplished, the facts surrounding the toleration of swindling by dishonest contractors and the known extravagances compel the conviction that an enormous sum of the people's money has been stolen or dissipated.

Why this condition was tolerated no one connected with the institution can explain. From the facts contained in the record of sworn testimony this much is plain, that if the members of the Board of Managers had made a pretence of performing their duties, the condition at least could have been ascertained. Because of its lack of action the responsibility rests primarily upon the members of the Board of Managers, who were Emmett Phillips, of Sacramento, president; Richard Belcher, of Marysville; Henry M. Meacham, of Napa; John Henry Steves, of St. Helena; and Thomas B. Dozier of San Francisco.

The attention of your excellency is respectfully directed to the testimony of those members of the Board of Managers who were examined under oath. These gentlemen professed absolute ignorance of the manner in which the business of the institution was conducted, and declared that they did little more than sign their names to bills against the State. This is not quite accurate, however, as is evident from the

knowledge which Mr. Meacham of the Board had concerning what was known as the "Asylum hay accounts" in the James H. Goodman & Co. bank of which he was and is president. The part which this bank account played in the embezzlements of State moneys will be hereinafter discussed in detail.

In relation to the awarding of contracts for supplies, however, the members of the Board of Managers cannot escape responsibility. They were charged by law with the duty of passing upon the bids submitted and making the awards to the lowest and best bidders. They did make the awards, but the manner in which they made them will be illustrated hereinafter. The charge frequently made by reputable business houses, to the effect that the contracts were handled in many instances as a matter of political patronage and on a basis of favoritism, is borne out by the record.

In June of 1911, on the facts submitted at the time by protesting bidders, the State Board of Control set aside certain awards of contracts for supplies made by the Board of Managers of the Napa State Hospital because they were evidently not made to the firms submitting the low prices on the best goods. The Board of Managers indignantly resented this action, but the Board of Control, on the evidence adduced, was convinced that firms bidding in good faith and entitled under the law to certain business by virtue of the best bids had been discriminated against. The Board of Managers, therefore, was peremptorily ordered to make the awards in accordance with the law.

Had the State Board of Control been in possession of the information which has been disclosed during the investigation by the confession of one contractor, it is safe to say that the awards of the Board of Managers in at least some other instances would have been set aside. Certain disreputable contractors who secured awards through favoritism, however, will find that they have gained nothing. Their plan to furnish inferior goods at a big profit has been blocked, and unless they furnish goods absolutely in accordance with the specifications and the terms of their contract, these goods will be purchased in the open market and charged against the bonds of the respective contractors.

The attention of your Excellency is directed to one instance of the manner in which awards were made and the surrounding influence and circumstances. The incident is typical.

James A. Snook & Co. of San Francisco, a firm of unsavory reputation, which has since gone through bankruptcy, for many years was awarded many of the principal contracts for grocery supplies at the Napa State Hospital. James A. Snook was an intimate friend of Dr. Elmer E. Stone, medical superintendent of the hospital, and after the disaster in San Francisco was interested with him in a business venture. In addition to securing many contracts, the Snook firm was favored with important purchases at non-contract prices, to the exclusion of all other business houses in California. For instance, one year the bids on potatoes and coal were rejected by the Board of Managers and immediately thereafter arrangements were made with Snook to furnish these commodities for a year without subjecting that gentleman to the inconvenience of bidding against other firms. The prices paid were at least as high and in some cases higher than the rejected bids.

In all negotiations James A. Snook & Co. was represented by Edward W. Williams, a brother-in-law of the head of the firm, and confidential man.

Snook's creditors forced him into bankruptcy in April of 1911, and in June, at the annual opening of bids Williams appeared as a representative of the Williams Mercantile Company, a concern composed entirely of himself, whose stock of goods was a desk and chair in San Francisco.

Williams was awarded many of the most important contracts, among them coffee, tea, potatoes, rice, etc., aggregating more than \$21,000.00. He has since confessed, under oath, that favoritism was shown in the awarding of these contracts.

Williams has confessed that his sample of coffee was not pure and did not comply with the specifications. Pure samples were submitted by wholesale coffee houses. Without examination the Board of Managers awarded the coffee contract to Williams, and disregarded the pure samples of reputable firms, which were offered at the same price.

Williams furnished the cheaper and inferior coffee to the institution until the time of his confession during this investigation. He is now furnishing pure coffee and if he does not continue to do so the new steward at the hospital has authority to buy pure coffee in the open market and charge against Williams' bond.

The potato contract was awarded to Williams. He had the low bid, although he was competing with firms that owned thousands of sacks of potatoes, whereas

he had none and would necessarily have to speculate. All firms bid on first-class potatoes. The following facts will illustrate just how a disreputable contractor, if he has confidence that he will be assisted from the inside, can swindle the State and underbid reputable firms.

Williams was allowed by the hospital management to furnish potatoes which in many instances were unfit to eat and all of which were of a low grade. He confessed this fact during the investigation. Since his confession he has been required to furnish first-class potatoes, and unless he continues to do so they will be bought in the open market and charged against his bond. These instances will make plain to your Excellency the manner in which at least some of the awards were made by the Board of Managers, and also make plain to you the reason why many reputable business houses in the past have been disgusted with the State's method of doing business, and why it has been difficult to get them to enter competition.

Many reputable business houses have continued to compete for the State's business in spite of discouraging treatment and have dealt fairly with the State at Napa and elsewhere. With the respective boards of managers enforcing a policy of a square deal, it is certain that in June of this year the annual awarding of bids will mark the entire elimination of the crooked contractor and the entrance to the field for the State's business of more firms of the highest standing. For six months past the bills of the State of California have been paid promptly. Its credit is the highest, and there is no reason why its business will not be attractive to all reputable business firms.

With the awarding of contracts the positive action of the Board of Managers of the Napa State Hospital seems to have ceased. They made regular monthly trips to the institution, were entertained at Dr. Stone's residence, and then held meetings. Of what benefit these meetings were to the State of California it is hard to determine because the members of the Board of Managers evinced little interest in the conduct of the institution. Because of their neglect of duty many evils thrived.

In the actual conduct of the institution Dr. Elmer E. Stone, its executive, was supreme, and under his management corruption, gross extravagance and incompetency flourished. These three evils, for the purpose of saving time, will be discussed under their respective heads.

CORRUPTION.

The investigation has disclosed the fact that the Napa State Hospital was infested with graft, and that this evil was prevalent among the higher officials to a more pronounced degree than among the subordinates.

Dr. Elmer E. Stone has confessed to the following embezzlements of State moneys by means of what was known as the "Asylum hay account" which was kept in the James H. Goodman & Co. bank at Napa, of which he and Mr. Henry M. Meacham of the Board of Managers were directors:

| | | | |
|-------------------------|---------|-------------------------|--------|
| August 31, 1907----- | \$81 62 | September 23, 1908----- | 30 59 |
| September 19, 1907----- | 14 50 | October 10, 1908----- | 282 66 |
| October 5, 1907----- | 35 50 | January 8, 1909----- | 16 07 |
| October 15, 1907----- | 46 60 | February 13, 1909----- | 38 85 |
| November 25, 1907----- | 23 00 | March 13, 1909----- | 23 52 |
| November 26, 1907----- | 46 95 | September 13, 1909----- | 109 97 |
| December 2, 1907----- | 19 34 | June 18, 1910----- | 165 78 |
| December 7, 1907----- | 16 62 | August 9, 1910----- | 111 22 |
| December 21, 1907----- | 40 89 | February 25, 1911----- | 26 50 |

\$1,130 18

In connection with this confession of embezzlement, the attention of your Excellency is respectfully directed to volume 2 of the transcript of testimony, pages 312 to 364.

The James H. Goodman & Co. bank referred to is one of the financial institutions of the city of Napa. Mr. Meacham and Dr. Stone are members of the board of directors, and up until the last ten days this bank has been the depository for the funds of the Napa State Hospital. The patients' money, amounting to approximately \$12,000.00, was kept in one account; the payroll fund was kept in another account; and the contingent fund was kept in a third.

In the fall of 1906 Dr. Stone criticised the legal method of purchasing hay for the institution that was then in vogue, and secured permission from the Board of Managers and the State Lunacy Commission to make automobile trips around through different counties for the purpose of purchasing hay, contending that the cost would be reduced.

He purchased some hay in this manner, and then on the pretext that the dealers declined to wait for their money, had opened at the James H. Goodman & Co. bank what has since been known as the "Asylum hay account." The knowledge of the existence of this account has been denied by all of the members of the Board of Managers except Mr. Meacham, who was also president of the bank.

This was purely a fictitious account, as never at any time did it show a credit balance. The procedure was as follows: The hay was shipped and received at Napa; Dr. Stone then went to the bank and drew a check against the asylum hay account for what purported to be the amount of the hay and freight; with a portion of this he secured a draft to cover the price of the hay and took the remainder of the money from the bank in cash, ostensibly to pay the freight charges; he did pay the freight and converted to his own use the amount of money remaining. By this transaction an overdraft was created in the asylum hay account and at the end of the month a clerk in the employ of the bank would be instructed to make out against the State of California a bill for hay sufficient in amount to cover the overdraft. This bill purporting to show that the State was indebted to the bank clerk for large quantities of hay would be sworn to by Dr. Stone, approved by the Board of Managers, forwarded to the State Controller, and a warrant for the sum drawn on the State treasury. The original bills of the hay dealers and the Southern Pacific Company never figured in these transactions, having been destroyed by Dr. Stone.

A concrete example will illustrate the matter clearly. On June 18th and July 1st, 1910, Dr. Stone withdrew from the James H. Goodman & Co. bank a total of \$1,948.44, creating an overdraft for that amount in the asylum hay account. With \$1,485.08 of this amount he secured a draft in favor of G. A. Ogden, a man who had shipped 339,985 pounds of hay from Woodland. The remaining \$463.36 he took from the bank in cash, ostensibly to pay freight. The records of the Southern Pacific Railroad Company, however, show that the entire freight bill amounted to \$297.58. The remaining \$165.78 Dr. Stone has confessed he converted to his personal use. The original bill for hay from Ogden and for freight from the Southern Pacific were destroyed by Dr. Stone, and at the end of the month S. H. Errington, a clerk in the James H. Goodman & Co. bank, was required to make out a bill which read as follows: "Napa State Hospital to S. H. Errington, Dr. 362,500 lbs. alfalfa hay at \$10.75 per ton, \$1,948.44."

This bill was sworn to by Dr. Stone, approved by the Board of Managers, presented to the State Controller, and paid. The money was deposited by Errington in the asylum hay account.

No record of the hay actually received was kept in the Steward's department, or any other department of the Hospital. The bank clerk made out a bill for an amount of hay far in excess of the amount received, his instructions being to show a total equal to the amount of the overdraft. The raising of the amount of hay received, it will be apparent, was necessary to cover the amount embezzled by Dr. Stone.

The plan would have operated perfectly had it not been for the fact that the books of the Southern Pacific Railroad Company were still in existence, showing the amount of hay received and the freight paid. The plan outlined above Dr. Stone has confessed in his testimony was followed in each and every transaction for the purchase of hay. By this means it has been confessed by Dr. Stone at least \$1,130.18 of the State's money was embezzled by him during a period of more than three years.

Asked to explain such a course on his part, Dr. Stone was merely able to say: "I must have been crazy."

All of the evidence tends to prove that George F. Roberts and S. H. Errington, the two clerks of the James H. Goodman & Co. Bank, who were utilized at different times to make out the bills against the State, were entirely innocent of wrongdoing, and acted merely as dummies on the orders of their superiors.

In three instances the bills rendered against the State for hay were made out to the James H. Goodman & Co. Bank, purporting to show that the financial institution had sold hay to the State. The approval of these bills by the Board of Managers is inexplicable, showing as they did on their face that they were absolutely false.

Edward Wiley Churchill, majority stockholder and cashier of the James H. Goodman & Co. Bank, in his sworn testimony, professed ignorance of any impropriety in the various transactions, declaring that he tolerated the practice as an accommodation to Dr. Stone. He further declared that no one was at any time author-

ized to make out those certain bills for hay in which the name of the bank was substituted for that of the hay dealer.

The position of Henry M. Meacham, president of the bank, and at the same time a member of the Board of Managers of the hospital, is different. Meacham knew of the existence of the dummy account, and at one time Errington, fearful of acting as a dummy, appealed to him for advice. Errington declares Meacham advised him that the entire transaction was proper, and to continue to make out the bills. Meacham does not remember what he advised Errington.

Meacham admits that as a member of the Board of Managers he passed on all of the bills before they were forwarded to the State Controller, knew that neither Roberts, nor Errington, nor the Bank had ever sold any hay to the State, and that the bills, at least in those respects, were false. He explains his action, or lack of action, by the statement that he thought it was an accommodation to Dr. Stone.

Dr. Stone and Mr. Meacham were unable to explain why the other members of the Board of Managers had not been informed of the existence of the asylum hay account. In addition to the embezzlements of Dr. Stone, an examination of the records of the purchases of hay in the communities where it was purchased for the Napa State Hospital has demonstrated that it could have been secured for less than that actually paid. Dr. Stone has further admitted that after having seen the hay in the fields, instead of purchasing direct from the rancher, he placed the order with a hay dealer, the State thus being required to pay the usual brokerage.

Since February of 1911 hay has been purchased in a legal manner at reasonable prices and without the assistance of the asylum hay account.

The one transaction used above to illustrate the method of embezzlement has been admitted by Dr. Stone to be typical of each of the other seventeen distinct transactions in which the State was defrauded during a period of more than four years.

In an attempt to make restitution to the State for the sums embezzled, as shown by the investigation, Dr. Elmer E. Stone delivered to me the enclosed cashier's check, drawn by the Wells-Fargo Nevada National Bank of San Francisco for the sum of \$1,120.18. The check is drawn in favor of your Excellency, as trustee for the Napa State Hospital. I accepted it as a part of the evidence in the investigation and herewith forward it to you in that light alone. Also personal check of Elmer E. Stone drawn in favor of your Excellency to cover discrepancy between embezzlements \$1,130.18 and above check, \$10.00. Bearing on this point I respectfully direct the attention of your Excellency to page 362 of volume 2 of the testimony, where, after Dr. Stone had signified his willingness to return the amount of the embezzlements, the following testimony is recorded:

"Q. Now, Dr., have you at this time or at any time had any assurance of immunity from criminal prosecution in relation to any of these matters?"

A. "No, sir, I have not."

"Q. Have you had any assurance, either directly or indirectly, from Governor Johnson?" A. "No, sir, I have not."

"Q. Nor from myself? A. no, sir."

"Q. Of any kind or character whatever? A. No, sir, I have not."

"Q. Of leniency or immunity or anything else? A. No, sir, I have not."

In addition to these shortages and discrepancies, Dr. Stone had signified a willingness to refund to the State a sum to cover gross extravagances in his personal living expenses during his term as medical superintendent. In all, he was willing to refund \$3,900.00.

The sum of \$1,869.82, the difference between the \$3,000.00 and the \$1,130.18, the total of the confessed embezzlements, I declined to receive after a conference with Mr. Johnston and Mr. Seavey of the Board of Control.

In the first place, the sum of \$1,869.82 would not cover in any degree the extravagances for which Dr. Stone was responsible during his ten years as medical superintendent; secondly, it was an arbitrary sum, not susceptible in its entirety of itemization because of the wretched condition of the records; thirdly, my declining of it could not act as a bar to future recovery should such a course be decided upon and my acceptance of it might; finally, because of the existence of Dr. Stone's confession of felony embezzlements, I desired to avoid leaving any ground for the suggestion that this fact was used to coerce him into returning sums lost to the State not so much through criminality as through gross abuse of a public trust.

The extravagances referred to will be hereinafter set forth in general, the details being included in the record.

In connection with the asylum hay account, another fact was made evident during

the investigation, and that was that the James H. Goodmau & Co. Bank benefited as a result of Dr. Stone's being a director and the State suffered. Furthermore, Dr. Stone's being a director was in plain violation of the spirit and letter of the law, which prohibits an officer of a State institution from being interested in any firm or corporation doing business with the institution. In explanation of this plain violation of law, Dr. Stone declared that he had been advised by Mr. Raymond Benjamin, a deputy in the Attorney General's office, to the effect that he could act legally and properly as a director of the bank.

Concerning the opinion of the Attorney General relative to the legality of his acting as a member of the Board of Managers and a director of the James H. Goodman & Co. Bank, Mr. Meacham testified as follows (see page 27, Vol. 2, of the testimony):

"A. (by Mr. Meacham): Well, sir, we had a little set-to with the Attorney General in regard to that matter, and he gave us one of those elastic opinions, that you could do anything you wanted to do with the money. So we could get the opinions which I have been trying to get twenty-five years from certain ones, and it did you about as much good as though you made one out yourself."

It is true that Dr. Stone's stockholding in the bank was little more than nominal, but the fact remains that he was on the directorate for the one purpose, that was to hold the deposit of the state institution and perhaps attract the deposits of state employees.

In addition to his connection with the James H. Goodman & Co. Bank, Dr. Stone has admitted under oath that he was interested in the Napa Junction Cement Company, from which firm was purchased a great quantity of the material used in the construction of buildings and in the dam of the storage reservoir on the state property. Dr. Stone has further admitted that he endeavored to persuade State Engineer Nathaniel Ellory, after the latter took charge of the work on the dam, to purchase the material from the Napa Junction Cement Company. This Mr. Ellory refused to do and called for competitive bids.

Dr. Stone has also admitted that he was aware of the fact that I. N. Enright, employed as a foreman plumber at the institution until dismissed as a result of the present investigation, levied toll on the daily wages of employees in the plumbing department. In this connection it is necessary to call to the attention of your Excellency certain operations of Mr. Enright at the institution which made his employment most profitable to Mr. Enright but most unsatisfactory from the standpoint of the State.

Although several plumbers were regularly provided for in the usual pay roll of the Napa State Hospital, Enright was retained by Dr. Stone early in 1907 at \$7.00 a day and maintenance to superintend the plumbing work at the institution. From that time, in 1907 until last month, when the facts came to our attention, I. N. Enright had the exclusive privilege of putting plumbers to work at the Napa State Hospital and levied a toll of \$1.00 a day against the State for each assistant plumber employed. This was in addition to his own daily wage of \$7.00 a day and maintenance.

Under Enright's system he would determine what men were needed. Plumbers were put on the pay roll at \$6.00 a day and assistants at \$5.00 a day. The experienced plumbers were actually paid the \$6.00 a day, according to Enright's testimony, but he admits that the helpers were merely paid the standard wage of \$4.00 and the remaining \$1.00 a day went to Mr. Enright. During a great portion of the time four extra plumbers and two extra assistants were employed at the institution and the payroll was "padded" so as to allow Mr. Enright \$1.00 a day for each assistant. Enright declared that he was allowed to "pad" the pay roll of his department so as to compensate himself for the use of machines which he had on the premises. After having sold both machines, one of which he had had for three years and the other for one year, to the State for three quarters of their original value in April of 1911, he continued until November of 1911 to draw his daily portion "for the use of tools."

Contrary to law Enright also sold to the State all of the plumbing supplies used on the new work at the institution of which he was in charge from the time he was retained in 1907 until the Engineering Department took charge of affairs in March, 1909.

This remarkable condition was allowed to continue until representatives of the Engineering Department, in March of 1909, while endeavoring to disburse the first pay roll placed under their supervision by a new law, discovered a discrepancy of \$60.00 in the computation of Enright's own time. Enright had prepared the pay roll and was and is unable to account for the discrepancy. The \$60.00 was restored to the state treasury, and, even though this and other matters were brought to the atten-

tion of Dr. Stone, Enright's employment as chief plumber of the institution continued.

Under the arrangement whereby he sold to the hospital the plumbing supplies needed, Enright would determine what work should be done and the material necessary. His estimate would be submitted by him to Dr. Stone and the latter would secure the approval of the State Lunacy Commission. Enright was then directed to purchase the goods, although under the law this should have been done by the Steward's department. Enright did purchase the goods and materials, having them billed to himself. He then constituted himself a dealer in plumbers' supplies and rebilled the goods to the State at a profit. The bills were approved by him, sworn to by Dr. Stone, approved by the Board of Managers and submitted for payment.

Under oath Enright declared that the only profit he secured on the goods and materials came from discounting the bills and rebilling them to the State at their face value. Enright is a brother of the junior partner of the firm of Miller-Enright of Sacramento, dealers in plumbers' supplies, and purchased from that concern more than \$3,000.00 worth of the goods which he afterwards billed to the State. An examination of I. N. Enright's account with the firm of Miller-Enright discloses the fact that he never discounted a bill in all of his dealings with that firm. Several thousands of dollars worth of goods were purchased by Enright from other firms.

None of the plumbing supplies were purchased through the Steward's Department, hence no records exist on the books of the institution. Why these supplies were not purchased in a lawful manner on competitive bids, Dr. Stone was unable to explain. He contended that he did not profit personally from any of the graft involved in the transaction. For further details of Mr. Enright's activities at the institution your Excellency is respectfully referred to volume 2, page 365, in the record of testimony.

A form of petty graft that was tolerated was of a peculiar nature. William Martin, the druggist at the institution, and Robert Edwards, an attendant in charge of one of the wards, both favored employees, were allowed to conduct a private pool and billiard parlor in the main building, within a few steps of the main entrance and to charge patients and employees 5 cents a cue. They were also allowed to have patients to attend the tables and operate the business for a nominal compensation—a dollar a month. The pool parlor proprietors paid no rent, heat, light or other expense.

Robert Edwards also owned a ranch adjoining the State property. He worked one patient practically every day during a period of four years and others at intervals on this ranch.

Dr. Stone professed ignorance of the matter. Edwards was an attendant and gave the patients what compensation he saw fit.

Edwards also had a monopoly on the business of supplying fresh eggs and poultry to those patients who had sufficient money to purchase delicacies. He was also engaged in the money lending business, his clients being the State employees. His rate of interest was 10 per cent a month.

From the facts ascertained, it was deemed advisable to demand the dismissal of Edwards from the State service.

While Edwards and Martin had the pool room privilege, other favored employees were allowed to keep horses and colts on the premises. These were fed and raised at the State's expense. They have been taken away.

The investigation also developed the fact that J. H. Steves, a member of the Board of Managers, and Dr. Hennessey, a former member of the Board, were favored in the purchase of hay from the institution. Both were given a reduction of \$3.00 a ton in the price and in the case of Dr. Hennessey a bill was submitted only for a portion of the hay that was sold. While these transactions may have been of an innocent nature on the part of the purchasers, they illustrate the methods in vogue of handling the State's business. Bills have been presented for the amount unpaid.

Those methods whereby one contractor swindled the State on coffee and potatoes, as well as other items have hereinbefore been called to the attention of your Excellency. That the potatoes were not of first class, as required by the terms of the contract, and that this fact was known to Dr. Stone, the executive head of the institution, seems evident from the fact that the potatoes for his private table were purchased of another concern. No steps were taken to enforce an honest compliance with the terms of the contract.

In general, those corrupt practices disclosed by the investigation have been set forth above. For further details, the attention of your Excellency is respectfully directed to the transcript of the testimony herewith submitted.

EXTRAVAGANCE.

An inspection of the Napa State Hospital, in conjunction with the investigation, disclosed evidence of gross extravagance—not in relation to the care or maintenance of the patients, but in the upkeep of the officials and employees.

Many of the women patients were required to sleep on the floors because of the lack of accommodations. Men's ward No. 3 is located over an engine room, and is a disgrace to the State. More than one hundred unfortunates are huddled together in a cramped and musty area under the eaves. The floors of the ward are rotten and the toilet conveniences are in a disgusting condition.

While this condition maintained with relation to a percentage of the inmates, the comfort of the executive officer, Dr. Stoue, was ministered to in every way. He occupied a mansion on the hospital grounds proper with a retinue of servants, yet the funds of the institution were utilized in constructing for his use a beautiful rustic bungalow on the shores of Lake Marie, which is the storage reservoir of the hospital, located in a beautiful canyon two and a half miles above the administration building.

This bungalow was equipped with every modern convenience, and was the scene of many parties, at which the Medical Superintendent was the host, and the viands purchased by the State were prepared and served by the State's employees. It was in effect a private hunting and fishing lodge maintained at the State's expense for the sole benefit of Dr. Stoue and his friends. The storage reservoir was stocked with 120,000 trout secured from the Fish and Game Commission, and fishing was allowed only on a written permit from Dr. Stone.

There are accommodations at this bungalow for at least fifteen people and Dr. Stone agreed with me that it would be an ideal place to care for convalescent patients. Its beautiful surroundings he agreed, would be extremely healthful in clearing up the mental condition of many patients who, though convalescent, were fretted and depressed by massive buildings, grim walls and restraint. Practically nothing further than the transfer of patients will be necessary to turn this bungalow into a convalescent ward and the details are now under consideration by the Board of Control and the Lunacy Commission.

In the matter of supplies and extras for the Superintendent's residence there was gross extravagance, due in large part to much entertaining.

The maintenance of employees has also been a source of much waste.

The State pays for the very highest grade of beef cattle and there has been no complaint about the quality of the beef shipped to the institution. There has been complaint, however, concerning the grade of beef given to the patients. Of necessity, it would be impossible to give all of the patients prime roasts, or the better part of the beefs every day. The practice, however, of giving these choice parts of the beefs entirely to the officers and employees and the less palatable portions to the patients does not seem to be in accord with the proper theory of maintaining these institutions. Furthermore, a large prime roast has been allowed to go to waste when served to a small family at the institution while it would have been ample for many patients. The new steward has instructions to see that the choice beef is more equitably distributed.

The facts hereinbefore stated relative to the distribution of beef applies in a general way to all supplies. The condition has maintained simply because of the fact that those administering the affairs of the institution lost sight of the real purpose for which it was maintained by the State. That the welfare of the patients was the prime consideration seems never to have appealed to these gentlemen.

Many other extravagances of a minor nature could be related here but would serve simply to further illustrate the general condition.

INCOMPETENCY.

In addition to the corruption and extravagance prevalent at the Napa State Hospital, it was also afflicted with incompetency in the management as well as in subordinates. This incompetency is responsible for the fact that the records are in such wretched condition, that it is practically impossible to base upon them a charge against contractors for delinquencies, except in the cases where dishonest contractors have confessed their guilt.

The unreliability of these records is chargeable primarily to the members of the Board of Managers, who not only countenanced but directed the making of purchases by persons other than the Steward, who under the law was the purchasing agent of the institution. In such cases no record of purchases appeared in the books of the Steward's Department and as the purchases of this character included

thousands of dollars' worth of furniture in addition to plumbing supplies, surgical equipment, etc., the missing records are most important.

Another practice countenanced and directed by the Board of Managers and the Medical Superintendent was the purchasing of goods and material at non-contract prices from favored firms for social or political reasons. In short, the furnishing of these supplies, amounting to many thousands of dollars, was handed out as patronage, to the exclusion of unfavored firms which might desire to bid.

These practices led to the utter demoralization of the Steward's Department and a chaotic condition in the records of the institution. An examination of this department led to the discovery of a peculiar condition which has existed in connection with the purchase of beef.

With the exception of one year, the firm of Chas. Swanston & Son, of Sacramento, has held the beef contract for the Napa State Hospital during a period of about fourteen years. The practice has been to ship the beef to the institution in eight shipments a month by Wells Fargo express.

During all of that time Chas. Swanston & Son has never sent an original bill accompanying a meat shipment, and all of the billing has been done on weights furnished by the institution.

The practice has been for the chef to weigh the meat on its receipt at the institution, afterwards he furnished the figures to the Steward. The Steward gave one copy of the weight to the Storekeeper and sent another copy to Chas. Swanston & Son. The aggregate of the weights thus received by Chas. Swanston & Son would be billed to the State at the end of each month.

All of this meat was shipped through Wells Fargo express which, of course, based its transportation charge on the weight carried.

An examination of the Wells Fargo record and of what meat records were kept in the Steward's Department discloses a startling discrepancy. In practically every instance of the shipment of meat during the last four years, for which the records are in existence, the State was charged for more meat than the records of Wells Fargo & Company show was transported. The aggregate of this discrepancy during fourteen months taken from records furnished by Swanston & Co. is 72,000 pounds, and the total for four years, as closely as can be ascertained, is in excess of 150,000 pounds.

One hundred and fifty thousand pounds of beef valued at an average of eight cents a pound shows a discrepancy of \$12,000.00 in money during a period of four years. If the Wells Fargo records are correct, the State has paid for at least \$12,000.00 worth of beef which it never received.

If the meat record of the Steward's Department of the hospital is correct, the Wells Fargo records are false and Swanston & Son enjoyed privileges not accorded to other shippers, which Wells Fargo representatives have testified under oath was not the fact.

The attention of your Excellency is respectfully directed to an analysis of the facts surrounding both records.

The Steward's record is based entirely upon figures supplied by another person, although the Steward was often present at the weighing of meat. This person was the chef. An examination of the meat distribution record kept by this chef is false on its face, additions being made to show a greater quantity of meat served to patients than was actually used. The original record kept by the butcher showing the distribution of meat as it left the cold storage plant at the institution has been destroyed by the chef. It is therefore impossible to check the meat after its receipt at the institution.

The Wells Fargo records according to the sworn testimony of Edward A. Murray, chief bookkeeper and confidential man for Chas. Swanston & Son, and according to the evidence of Albert F. Hichborn, representing the Wells Fargo Company, are based entirely on figures supplied to the transportation company by Swanston & Son.

According to Murray's testimony the meat was weighed at the Swanston slaughterhouse; the weights were entered in a record book and also in a receipt book in duplicate; the receipt book was given to the driver who hauled the meat to the Wells Fargo Company. The receipt for the meat was signed by the Wells Fargo representative.

The weight of the meat shipped was telephoned to Murray at the main office of Swanston & Son and was before him when settling the bill of Wells Fargo Company, which would be submitted to him on the same day as the shipment.

The Wells Fargo records were therefore secured from Swanston & Son in the first place and their accuracy was attested by Murray when he settled the bill with the slaughterhouse figures before him.

In solving this problem the State is in an unfortunate position because of the incompetency or worse of its employees at the hospital. The one means of checking the Steward's record,—the butcher's distribution book—has been destroyed, and in its place is the record kept by the chef which is palpably false. Therefore taking the hospital records alone, it is impossible to tell whether the meat was actually received or not. On the other hand, the Wells Fargo representatives cannot swear to their weights, as they accepted them from Swanston.

On this and all other matters connected with his department, Franklin W. Bush, the former steward of the hospital, was unable to throw any light. He pleaded guilty to incompetency in the conduct of the department, but urged, which was true, that the Board of Managers were in large degree responsible for the chaotic condition of affairs. Bush was steward of the hospital for four years, being appointed purely as a political consideration without regard for his qualifications for the position. He was not competent to fill the position and the result was inevitable.

The fact that Bush was not competent became apparent during the first two or three days of the investigation and I found it necessary to request Dr. Stone to have him resign. For the benefit of the institution and to avoid turmoil among the employees as a result of which the patients would suffer, I suggested that Bush be allowed to retire without comment. This was agreed upon.

Bush's resignation was submitted to the Board of Managers at its meeting and he was summoned before them. On the ground that he had approved inaccurate bills, Bush was summarily dismissed and statements were given to the press.

It is true that Bush was incompetent and that he allowed Williams, who had been favored by the Board of Managers, and the Medical Superintendent, to furnish inferior goods. He had also allowed inaccurate bills of Williams' to be approved. However, this was exactly in accordance with the policy pursued by his superior officers. In all the evidence brought to light, there is nothing to prove that Bush profited one dollar at the State's expense. The wreck of his department was chargeable primarily to the men who dismissed him in disgrace.

There is also ample evidence that those since found responsible were under the impression that, by the dismissal of Bush, they could terminate the investigation. His department was the only one that had been investigated up to that time.

Bush, while perhaps a good farmer, had not the training requisite in the management of a mercantile establishment. This seems to have been the total of his offending.

The facts hereinbefore set forth are only a part of the history of the mismanagement of the Napa State Hospital. Their disclosure convinced me that radical measures were necessary to take the institution out of the hands of the men who were mismanaging it.

Because of the fact that a reorganization of the Steward's Department was essential, and this work would require a man of undoubted integrity, ability and experience, C. N. Whitaker, a valuable subordinate in the employ of the State Board of Control, who was formerly steward at the Southern California Hospital, was named to succeed Bush. The department within the last thirty days has been undergoing a thorough reorganization, and in the future will be conducted along lawful and businesslike lines.

It would have been futile to have undertaken the reorganization of the business department of the institution with men on the Board of Managers with the records of those who have occupied those positions at the Napa State Hospital. To avoid the delays which would necessarily have been incident to the preferring of formal charges and the removal of these gentlemen for cause, and to bring about a reorganization of the institution in the shortest possible time, I suggested to three of the members of the Board of Managers that they resign and forward their resignations to your Excellency. These three members were Messrs. Meacham, Steves, and Belcher.

Mindful of the drastic character of such a move as forcing men who have occupied positions of public trust to resign under fire, I suggested no more resignations than were absolutely necessary to protect the interests of the State until all of the facts could be laid before your Excellency.

Dr. Elmer E. Stone, after his confession of felony embezzlements and gross extravagances, asked to be permitted to resign. His resignation was submitted to the Board

of Managers at their last regular monthly meeting on January 11th. It was accepted and is to take effect February 1st.

The Napa State Hospital has all of the property, buildings and equipment necessary for a magnificent asylum for the unfortunate insane.

Under proper management it will easily throw off the effects of the evils of the past and become a credit to the State.

This report is respectfully submitted this 27th day of January, 1912, by

Yours truly,

JOHN FRANCIS NEYLAN,
Member State Board of Control.

SUMMARY OF RESULTS OF NAPA HOSPITAL INVESTIGATION.

1. Graft, extravagance, waste, and petty larceny have been eliminated from the management of the institution.

2. Contractors are required to deliver supplies in accordance with the specifications which call for the highest quality.

3. Patients have been taken out of disgraceful garrets and new cottages are nearing completion. In these will be housed the excess population now crowding the different wards.

4. The system of daily clinics has been inaugurated and individual attention is being given to the patients. Plans have been drawn to be submitted to the legislature to provide for more sanitary housing of three hundred patients.

5. The system of peonage under which patients were worked without pay in personal enterprises by attendants has been wiped out.

6. The institution is no longer the meeting place of the "smart set" of the particular community in which it is located. These social functions did little towards the improvement of the patients.

7. The number of attendants has been greatly increased to afford better means of caring for patients. All attendants and other employees are hired by the superintendent alone on a basis of merit.

8. The chicken ranch and dairy are now maintained for the benefit of the patients and not for the exclusive benefit of the medical superintendent.

9. Complete plans have been formulated to carry on the rehabilitation of this institution which presents a sorry spectacle as a state institution for the helpless insane. Much has been accomplished, but much remains to be accomplished to regain the ground lost during the ten years this institution was retrograding.

10. Political influence of every kind and character has been eliminated from the institution.

REPORT OF INVESTIGATION OF CONDITIONS AT
SOUTHERN CALIFORNIA STATE HOSPITAL.

SACRAMENTO, CAL., December 1, 1911.

To the State Board of Control, Sacramento, California.

GENTLEMEN: In accordance with the direction given by the Governor to this Board, I have completed the investigation into conditions at the Southern California State Hospital, at Patton.

So far as I have been able to determine, from personal knowledge and inquiry, very little criticism can be made of the actual care and handling of the patients by the officers and attendants at this institution. No complaint of a serious nature was found as to sanitation, quality of food supplies and medical attention.

Unfortunately, like commendation cannot be made of the general management of the hospital as an integral part of the State government. Many practices obtained incompatible with law and the proper conduct of the State's business.

The Superintendent, Dr. E. Scott Blair, maintained a private office in the institution, supplied partly with personal and partly with the State's equipment, avowedly for the purpose of his personal use and convenience. He treated employees of the institution and charged well for such service, according to his own statement, besides maintaining, during his term of office some private practice on the outside. This is clearly against the letter and spirit of the law. Among those whom he treated, that came to my attention, were E. E. Barnes, a daughter of Mrs. Worley, and a daughter of M. C. York, all of Highlands, Miss Grace Hall of Redlands, J. T. Wells, head cook, and Henry Wyman, assistant cook at the hospital and a Mr. Crossland, formerly employed at the hospital, but now at Urbana Springs, near San Bernardino.

He took to himself personal privileges which, if not criminal in their nature, were, to say the least, reprehensible. He maintained at the institution a number of his own horses and mules. He supplied his mountain vacation camp with food stuffs and supplies from the commissary of the hospital and delivered the same by means of state salaried employees and state wagons and teams. He obtained permission to buy a depot horse, but instead bought a young horse, a mare and a mule colt, the mare being a saddle animal given over to the personal use of his family. He paid \$50.00 to the personal account of a former steward for a colt raised from a mare belonging to the State, with the intention of claiming the animal as his own. The colt is retained by the State. He hauled fertilizer and vetch to his ranch at Colton from the supplies delivered to the state hospital. In this matter he claimed that he paid for the fertilizer, but had it shipped out with the order of the State as a matter of convenience. In the absence of any knowledge as to dates and amounts, and for lack of any record of the receipt and disbursement of supplies at the hospital, the true condition of these transactions could not be verified.

He sanctioned the practice of receiving supplies, the purchase of which was not permitted by the regular process of law, and having such supplies charged up as regular contract articles. This manner of substitution and evasion was acknowledged to be of common occurrence.

These and other minor delinquencies show the utter lack of regard in which he seemed to hold the trust imposed upon him as a public official. He failed to carry out any definite policy in the conduct of the business of the institution. There was very little attempt to properly carry out such system of requisitions and checks as had been provided for the institution. The data supposedly compiled from actual weights and measures and of record in the steward's office regarding the production and consumption of the different departments of the farm and institution was found to be mostly office estimates, and much of it was worse than useless. The whole system of accounts in the Steward's office was of such nature that no audit could be made to show a true condition.

The dereliction of the steward, J. E. Albert, should, in part, be laid to the fault of the superintendent, who sanctioned or overlooked the incompetency and faults of that officer. It was with the sanction of the superintendent that the substitution of supplies was practiced, and he also had knowledge of the loose methods throughout the department.

The most flagrant practice of the steward was in the handling of the meat supplies purchased under contract from a San Bernardino house owned by Catherine Oehls. Commencing with July, 1911, the storekeeper kept a memorandum of the weights

of meats received, which was turned over to the steward at the end of each month. In going over this book it was discovered that the original entries of meat weights had been crudely altered, and upon inquiry of the manager of the meat contractor, and afterward upon admission by the steward, it developed that supplies other than meat were delivered and charged up as beef, pork or mutton, at the end of the month, and that occasionally money in amounts of \$25.00 to \$50.00 was advanced to the steward by the contractor and charged up in the same manner. The supplies so substituted were of a nature not allowed in the regular estimates passed upon in accordance with law, and according to the steward consisted of liquors and delicacies for the officers of the institution. According to his further statement, the money obtained was used to purchase like supplies when he deemed it not expedient to have them delivered by the contractor.

There is absolutely no record in the office of the contractor or in the steward's office as to these transactions. The manager for the contractor simply kept a loose memorandum of the items and destroyed it at the end of each month when he made out his bill against the hospital. So far as I could determine, there is no evidence that the steward profited by these transactions to any degree beyond what other officers of the institution profited in the use of supplies not properly or legally allowed for their use, but the methods used were on their face of a criminal nature.

The Superintendent of Accounts was called to this institution and made a thorough examination into the records of the steward's office and found them in the above described condition. A temporary system was inaugurated by him, pending the final unification of all the systems in the different State institutions.

In discussing the conditions at the hospital, the Medical Superintendent, while disclaiming any criminal intent or act, freely acknowledged the seriousness of many of the delinquencies in his management of the institution, in the light of which, and for the good of the institution, he stated he desired to resign.

The resignation of the Superintendent, along with that of the Steward, has been tendered to the Board of Managers, to be acted upon at the December meeting.

Respectfully submitted,

CLYDE L. SEAVEY,
Member State Board of Control.

SUMMARY OF RESULTS OF INVESTIGATION OF SOUTHERN CALIFORNIA HOSPITAL.

1. Elimination of petty graft throughout the institution.
2. Raising of standard of efficiency among all employees.
3. Advancement of officers and employees on a basis of efficiency instead of political preferment.
4. Stopping of forced collection of political and personal funds from wages of employees.
5. Materially raising the standard of medical and general attention to the patients.
6. Elimination of the practice on the part of contractors of substituting inferior goods and supplies.
7. Raising the standard of food supply and dietary.
8. Elimination of the practice by which employees devoted much of the State's time to private business affairs.

REPORT COVERING AFFAIRS OF STATE BOARD OF MEDICAL EXAMINERS AND SUPPLEMENTARY REPORT.

His Excellency, Hiram W. Johnson, Governor of California.

SIR: The State Board of Control has completed an audit and investigation of the affairs of the State Board of Medical Examiners. The results of the audit and investigation are herewith respectfully submitted.

Enclosed you will find certificate of deposit numbered 2,942 of the Citizens' Bank of Alameda drawn in favor of Hiram W. Johnson, trustee, for the sum of \$1,324.40. This sum represents restitution to the funds of the medical board of certain amounts found short in the accounts of Dr. Charles L. Tisdale, secretary. The shortage of these funds, while important from a monetary standpoint, had an additional significance in view of the fact that it represents the unrecorded admission fees of thirty-nine physicians and surgeons in the State whose right to practice their profession could have been challenged.

Enclosed you will also find certain correspondence which came into the hands of accountants of the State Board of Control during their audit. Your attention is respectfully directed to this correspondence as it contains data which will throw light upon the methods formerly employed in conducting examinations of applicants for admission to the medical profession. These methods were employed by the former board of which Dr. Charles L. Tisdale was also secretary.

The period of audit extended from May 3, 1907, to March 18, 1912. The analysis of the records for this period shows that the method of handling the board's money was loose and that but little attention was paid by the Board in general to its financial affairs, this being left in the hands of the secretary. Although the income was amply sufficient for its needs the Board almost constantly found itself in straitened circumstances.

This Board, like others charged with the enforcement of vocational laws, expended large amounts for attorneys' fees and the returns were meager, with the exception of Attorney Frost, who seems to have rendered full value. The method of handling the routine business of the Board was cumbersome and inefficient, chiefly for the reason that it devolved largely upon the clerks employed under a cooperative agreement with a gentleman who was not a member of the Board, but maintained adjoining offices.

The State Board of Control respectfully advises your Excellency that the loose methods which prevailed in the handling of the Board's money could not have existed had these funds been deposited in the state treasury and paid out upon warrant of the controller, as is done in the case of the administrative departments of the state government.

The detailed analysis of the accounts of the medical board shows that Dr. Tisdale did not record in his cash book or transmit to the treasurer of the Board the statutory admission fees paid by thirty-nine applicants for license to practice in California.

An examination of the cash book shows that in certain instances the names of these applicants and the record of their payments had been made in the cash book and had been subsequently erased. These shortages in the cash book were then covered up by banking the remittances to the treasurer of the Board, who had no original data from which to check the amounts he had received. There was never any reconciliation of the books of the treasurer and secretary, hence the shortage never came to light.

Following is a list of the names of those physicians and surgeons who had paid their fees but whose names were not recorded:

| Name. | Address. | Amount | Date of payment in register. | Date acted upon in minutes |
|------------------------|-----------------|------------|------------------------------|----------------------------|
| G. Moore | Oakland | \$25 00 | July 23, 1907 | Aug. 9, 1907 |
| A. Smith | Oakland | 25 00 | July 23, 1907 | Aug. 9, 1907 |
| F. R. Winslow | Berkeley | 25 00 | Nov. 18, 1907 | Dec. 16, 1907 |
| O. D. Hubbard | Huntington Park | 25 00 | Mar. 23, 1908 | Apr. 17, 1908 |
| I. Dee Harris | Oakland | 25 00 | July 20, 1908 | Aug. 24, 1908 |
| W. H. Burnett | San Francisco | 25 00 | July 31, 1908 | Aug. 24, 1908 |
| Leo Blass | San Francisco | 25 00 | Nov. 9, 1908 | Dec. 15, 1908 |
| A. E. Shoenberg | Sacramento | 25 00 | July 20, 1908 | Dec. 15, 1908 |
| Leander W. Burt | Los Angeles | 25 00 | Nov. 30, 1908 | Dec. 15, 1908 |
| H. R. Baird | San Francisco | 25 00 | Mar. 16, 1909 | Apr. 20, 1909 |
| W. R. Rend | Oakland | 25 00 | Mar. 22, 1909 | Apr. 20, 1909 |
| L. W. Mansur | Los Angeles | 25 00 | Mar. 22, 1909 | Apr. 20, 1909 |
| C. P. Shaffer | Reedley | 25 00 | July 19, 1909 | Aug. 23, 1909 |
| E. G. Butt | Atchison, Kan. | 25 00 | July 20, 1909 | Aug. 23, 1909 |
| E. H. Anthony | Oakland | 25 00 | July 19, 1909 | Aug. 23, 1909 |
| L. B. Butcher | San Francisco | 25 00 | | Aug. 23, 1909 |
| A. B. Lefler | Los Angeles | 25 00 | Nov. 19, 1909 | Dec. 24, 1909 |
| H. Lischner | San Francisco | 25 00 | | Dec. 24, 1909 |
| A. G. Lunsden | San Francisco | 25 00 | Dec. 2, 1909 | Dec. 24, 1909 |
| R. E. Moss | Riverside | 25 00 | Dec. 6, 1909 | Dec. 24, 1909 |
| H. A. Huntton | Los Angeles | 25 00 | Dec. 6, 1909 | Dec. 24, 1909 |
| C. S. Harris | San Francisco | 25 00 | Mar. 8, 1910 | Apr. 20, 1910 |
| A. M. Laughlin | Los Angeles | 25 00 | Mar. 21, 1910 | Apr. 20, 1910 |
| F. L. Horne | San José | 25 00 | July 9, 1910 | Aug. 20, 1910 |
| J. B. Thomas | Los Angeles | 25 00 | July 5, 1910 | Aug. 20, 1910 |
| M. F. Carmichael | Oakland | 25 00 | Nov. 9, 1910 | Dec. 23, 1910 |
| B. E. Lochr | San José | 25 00 | Nov. 8, 1910 | Dec. 23, 1910 |
| S. Wilson | Los Angeles | 25 00 | Nov. 17, 1910 | Dec. 23, 1910 |
| J. H. Barnebec | Los Angeles | 25 00 | Mar. 13, 1911 | Apr. 20, 1911 |
| G. D. Beebe | Berkeley | 25 00 | Mar. 21, 1911 | Apr. 20, 1911 |
| M. A. Davis | Pasadena | 25 00 | Mar. 21, 1911 | Apr. 20, 1911 |
| A. Compagnon | San Francisco | 25 00 | July 17, 1911 | Aug. 18, 1911 |
| R. L. Crum | Los Angeles | 25 00 | July 15, 1911 | Aug. 18, 1911 |
| E. E. Gray | San Francisco | 25 00 | July 14, 1911 | Aug. 18, 1911 |
| O. T. Roberg | Chicago | 25 00 | July 18, 1911 | Aug. 18, 1911 |
| G. B. Wilcox | Los Angeles | 25 00 | June 29, 1911 | Aug. 18, 1911 |
| R. M. Clark | | 25 00 | Mar. 11, 1912 | |
| *H. F. Hoyt | Long Beach | 50 00 | Oct. 20, 1911 | |
| *Rolin Smart | Albuquerque | 50 00 | Nov. 24, 1911 | |
| Total application fees | | \$1,025 00 | | |

* U. S. Army, fee \$50.00, no examination.

This total of \$1,025.00 is the amount of fees received but unrecorded. In addition to this, an item of \$299.40 was missing from the records of the Board. This was money collected in fines from illegal practitioners.

Under the method which has prevailed the medical board received and kept in possession of its secretary all revenues received from applicants for admission, which is the chief source of revenue. In cases of prosecution where fines were imposed, however, the money was transmitted directly from the county to the state treasury. Subsequently the secretary of the board drew on the treasury for the amount of the fines.

Fines aggregating \$300 had been deposited in the state treasury and on May 1, 1908, Dr. Tisdale drew a claim for this amount. The claim was allowed and the money, less sixty cents exchange, was transmitted to the Citizens' Bank of Alameda to the credit of Dr. Tisdale. Its receipt was never recorded on the books of the medical board.

This amount, in addition to the \$1,025.00 short in admission fees, makes the total of \$1,324.40 refunded to the treasury of the board by Dr. Tisdale. Because of the absence of records it is impossible to check the amount of money received in fines, and it is impossible to determine whether all fines were transmitted to the state treasury. The attorneys employed apparently made no report of prosecutions except in a few cases and the secretary of the board made none.

Attorney C. A. S. Frost, employed since July 1910, was the sole exception. This gentleman rendered a report and examination of the records shows that as a result of his prosecutions approximately \$1,600.00 in fines was collected. His services cost the board \$2,074.25.

Eliminating the employment of Mr. Frost, it is found that more than \$8,000 was expended in attorneys' fees and the only collected fines recorded aggregate \$1,700.

Another feature of the records of the board which is interesting is contained in the record of per diems paid to members of the board which retired in 1909. On one occasion a member of the board sent his proxy to be voted by a confrere who was present. The vote was recorded by proxy, but the per diem records show that the absent member received \$21.00 as per diem.

Numerous other incidents could be quoted to bring to the attention of your Excellency the utter lack of method or regard displayed in handling the business of the board. What influences were at work in the board will be apparent from the accompanying correspondence.

This report is respectfully submitted this 22d day of August, 1912.

STATE BOARD OF CONTROL.

JOHN FRANCIS NEYLAN.

CLYDE L. SEAVEY.

FRED C. NELLIS.

SUPPLEMENTAL REPORT.

December 26, 1912.

His Excellency, Hiram W. Johnson, Governor of California.

SIR: Pursuant to your instructions, I have completed a supplemental inquiry into the affairs of the State Board of Medical Examiners, and herewith respectfully resubmit the report of this Board, together with the correspondence attached, and certain facts hereinafter set forth.

You are respectfully advised at this time that no evidence of substantial character has been brought to light which would tend to prove that any one but Dr. Tisdale profited by the transactions set forth in the original report. His admission that he alone profited, I believe, can be taken at its face value.

Supplemental inquiry has served to still further accentuate the fact that in these vocational boards created to regulate professions the business and financial details are left entirely in the hands of one or two members, and the remaining members neglect to give them even the slightest attention. The results of such neglect upon the part of other members are well exemplified in the conditions which prevailed in the former State Board of Examiners in Optometry, and in the medical board until its accounts were audited.

In view of the facts developed, I would respectfully urge upon you that legal provision should be made requiring all boards, bureaus, offices, or commissions empowered by law to collect money to deposit the same with the state treasury and disburse it in accordance with the usual procedure subject to the audit of this Board and of the State Controller.

I have completed this supplemental inquiry by having a member of the accounting department of this Board thoroughly scrutinize all transactions since the completion of the former audit. The accounts have been found to be in proper condition during that time.

The final submission of this matter has been delayed because of the fact that as a member of this Board, I have had to devote my entire time for eleven weeks past with the other members of the Board to the preparation of the budget for the sixty-fifth and sixty-sixth fiscal years.

Respectfully,

STATE BOARD OF CONTROL.

JOHN FRANCIS NEYLAN, Chairman.

SUMMARY OF RESULTS OF INVESTIGATION OF STATE BOARD OF MEDICAL EXAMINERS.

1. Records of the Board have been reconstructed and correct record made of all moneys received.

2. Petty grafting by secretary has been effectually stopped.

3. In original and supplemental reports complete data has been placed in the hands of His Excellency, Hiram W. Johnson, on which to fix responsibility for condition of board's affairs in the past.

4. The standing of thirty-nine physicians which was jeopardized by failure to record payment of their fees has been put beyond question.

REPORT ON BUSINESS METHODS OF STATE BOARD OF EXAMINERS
IN OPTOMETRY.

His Excellency, Hiram W. Johnson, Governor of the State of California

SIR: In July of this year you instructed the State Board of Control to make a thorough examination of the business affairs of the State Board of Examiners in Optometry and to report thereon, as well as to ascertain the circumstances surrounding the disappearance of \$1,638.95 of the funds of that Board for a period extending over four years.

A thorough examination has been made and the facts concerning the disappearance of the sum of \$1,638.95 have been ascertained. As a result, you will find enclosed herewith certified checks aggregating \$2,570.60, drawn in favor of the State Board of Examiners in Optometry, which checks represent restitution on the part of the different members of that Board to its funds for money illegally or improperly withdrawn therefrom by them.

This amount of money is separate and apart from the \$1,638.95 which, although it had disappeared for four years, was returned to the fund at the time a supplemental annual statement was made to you by the Board of Examiners in Optometry in the month of July, 1911.

The checks enclosed are: two by Henry S. Cahn for a total sum of \$402.55, drawn on the California Savings Bank of Los Angeles, one by F. C. Chinn for the sum of \$1,442.17, drawn on the California National Bank of Sacramento, one by W. H. Hare for the sum of \$367.55, drawn on the Bank of Monterey, one by Fred W. Detmers for \$201.67, drawn on the Broadway Bank and Trust Company of Los Angeles, and one by F. W. Laufer for \$155.66, drawn on the First National Bank of Oakland.

The reason for the return of the enclosed money is: that the Board of Control demanded of the members of the State Board of Examiners in Optometry that they make restitution of those sums paid to themselves in violation of law or illegally allowed by them to others.

Since its creation by act of the Legislature dated March 20, 1903, five men have served on the State Board of Examiners in Optometry. The first Board, which held office from June 22, 1903, to June 22, 1907, was composed of Henry S. Cahn, of Los Angeles, president; F. C. Chinn, of Sacramento, secretary; and W. H. Hare of Monterey. This Board retired on June 22, 1907, and was succeeded by the Board which is still in office composed of F. C. Chinn, secretary, who succeeded himself, and Fred W. Detmers, of Los Angeles, and F. W. Laufer of Oakland, who succeeded Henry S. Cahn and W. H. Hare, respectively.

The members of both boards failed to recognize the fact that they were public officers, charged with the administration of a public trust. The fact that the public had any interest in the money collected seems never to have appealed to the members of these boards, in fact they were of the opinion that the public should have nothing to say concerning the matter.

While the first board made a practice of holding two and three meetings in one day and charging a per diem for each, as well as holding numerous useless meetings for which charges were made, the second board held numerous useless meetings and squandered money in the hiring of professional and amateur detectives as well as in retaining political lawyers. Expenditures were made by both boards which were utterly ridiculous; the records of the boards in large part have been either lost or destroyed and those that still exist are in wretched condition; the cost of maintaining the board has been greatly increased through inefficiency, neglect, poor judgment and worse. The public has paid the bill.

Although the benefit which might have accrued to the public from the proper administration of the optometry law was great, that which actually did accrue was comparatively small and was due more to the existence of the law than to its administration.

That the methods of transacting business and authorizing expenditures was farcical will be apparent to your Excellency from the fact that \$1,638.95 disappeared from the Board's funds for four years and its absence was not known to any member of the Board except the secretary.

A matter of note is that your predecessor complimented the present State Board

of Examiners in Optometry upon their methods of transacting business, and upon an annual report from which was missing the \$1,638.95. Even a superficial examination of the affairs of this board during the last eight years would have disclosed their exact condition.

The Board of Control reviewed the affairs of each Board of Examiners in Optometry with the members thereof, and after thorough investigation demanded the return to the treasury of the amount enclosed.

The first board, composed of Henry S. Cahn, president, F. C. Chinn, secretary, and W. H. Hare, took office in June of 1903. From its organization this Board indulged in the practice of holding two and three meetings in one day and charging a per diem for each meeting so held. The method was, to hold one meeting beginning at 10 o'clock in the morning and adjourning at noon. A second meeting would be called for the afternoon and adjourn at dinner time. A third meeting would be held after dinner. The sole explanation of this peculiar custom was that by this means the members could secure what they deemed more adequate compensation for their time.

For sixty-seven of the excess meetings so held the Board of Control demanded the return of the per diem to the funds of the Optometry Board, and the money is included in the enclosed checks.

Another notable feature of the activities of this Board was that the State was charged per diem for many meetings at which no business was transacted, and which were in fact merely casual calls of one member upon another. Mr. Cahn was an the wholesale optical supply business in San Francisco. Mr. Chinn was in the retail optical business in San Francisco. Mr. Cahn and Mr. Chinn transacted practically the entire business of the Board, Mr. Hare seldom being present except at examination of candidates for licenses to practice.

Mr. Cahn and Mr. Chinn made a practice of calling upon each other at their respective places of business. Subsequently, the minutes show, these calls would be construed as meetings of the State Board of Examiners in Optometry and charges of per diem would be made for the same. The records show that even when some minor matter of business was attended to at these "meetings" it could easily have been taken up at the regular meetings.

There were also a number of other practices in vogue in this board which were not strictly in consonance with the best public policy.

Mr. Cahn, as president of the board, purchased from the optical supply company of which he was a member, the equipment, valuable instruments, etc., used by the Board in conducting examinations. It is not recorded that the State enjoyed any benefit by reason of having purchased the instruments from the president of the board. Such action was also directly in conflict with the spirit and letter of the law governing purchases by any State Department, board or officers, as expressed in section 920 of the Political Code.

Another practice which led to much scandal was the sale of instruments to prospective candidates for examination by the president of the Board.

Disbursements of several thousand dollars were made for clerk hire, lawyers' fees, stationery, rent, etc., according to the minutes, but no vouchers exist for such payment.

Under the head of "Sundries" in the annual reports of this Board, the Board of Control found charges for two different banquets, at which, it seems, the State of California was the host.

One of these banquets was given at Los Angeles to the local optometrists by the State Board of Examiners in Optometry, and the other at Fresno for the local profession there. The only explanation of these disbursements was that there was strife among local optometrists and the board deemed it advisable to "bring them together." As there was no provision in the law for expense of arbitrating differences among optometrists, the Board of Control deemed it just and proper to require the return to the treasury of the money expended for banquets.

A detailed report of the foolish expenditures and unbusinesslike proceedings of this first Board of Examiners in Optometry would require a volume.

On those expenditures, which were clearly illegal, the Board of Control demanded of Messrs. Cahn, Chinn, and Hare that they make restitution to the State. At the same time the Board of Control was mindful of the fact that the statute of limitations had run against all of these transactions, and that an attempt to enforce restitution of sums foolishly expended, which could have been brought about at an earlier date, might have resulted in a lawsuit from which the State would secure nothing.

The integral parts of the different payments are as follows:

| | |
|---|----------------|
| Henry S. Cahu— | |
| For sixty-seven charges of illegal per diem | \$335 00 |
| One third of cost of banquets | 59 20 |
| One third of cost of printing minutes of Optometrists' State Association (a private organization) | 8 35 |
| | <hr/> \$402 55 |
| W. H. Hare— | |
| For sixty charges of illegal per diem | \$300 00 |
| One third of cost of banquets | 59 20 |
| One third of cost of printing minutes of Optometrists' State Association | 8 35 |
| | <hr/> \$367 55 |
| F. C. Chinn— | |
| For eighty-three charges of illegal per diem | \$415 00 |
| One third of cost of banquets | 59 20 |
| One third of cost of printing minutes of Optometrists' State Association | 8 30 |
| Error in reporting disbursements of 1903 | 9 00 |
| | <hr/> \$491 50 |

The term of office of the first Board of Examiners in Optometry expired June 22, 1907, and two of these gentlemen laid down the cares of public life. Mr. Chinn, however, was reappointed and the two vacancies were filled by the appointment of Fred W. Detmers of Los Angeles and F. W. Laufer of Oakland. This Board organized July 5, 1907, Mr. Detmers being chosen president, and Mr. Chinn secretary.

To the incoming Board Mr. Chinn presented a financial statement which among other items showed \$1,638.95 cash on hand. This Board proceeded to do business and at the expiration of six months submitted a report to your predecessor which was supposed to show the financial condition of the Board. The item of \$1,638.95 had disappeared entirely; there was no voucher or other evidence of expenditure of the same, and none of the members of this Board with the exception of Mr. Chinn was aware of the absence of this money until July, 1911, when, because of rumor afloat throughout the State, Mr. Chinn submitted to your Excellency a supplemental annual statement of the condition of the Board's finances. This supplemental statement showed the reappearance of the \$1,638.95 because of the fact that Mr. Chinn had drawn his personal check for that amount and, previous to reporting to you, had deposited that amount to the credit of the State Board of Examiners in Optometry.

Mr. Chinn's sole explanation of the disappearance of this money was that he did not know where it went, but that he was satisfied that it had got mixed up in his private bank account.

It has been admitted by Mr. Chinn to the Board of Control that he had full charge of the funds of the Board which were deposited in a Sacramento bank in his name. He has admitted that from time to time he loaned himself as much as \$1,200.00 from these funds without the consent or knowledge of the other members of the Board. He admitted that he depended largely upon his memory concerning these transactions and at the time he appeared before the Board of Control could not declare positively that he had returned all the money he had borrowed.

The books of the Board were never audited even by its members; the records were kept in a desultory fashion by employees of the Chinn-Beretta Optical Company in conjunction with their private employment; when the Chinn-Beretta Optical Company moved some months ago the records of the State Board of Examiners in Optometry were thrown out or lost. This will indicate the attention given to the records of the Board. Mr. Detmers and Mr. Laufer acknowledged to the Board of Control their ignorance of the fact that \$1,638.95 of the Board's money had disappeared from its annual financial statement for four years.

The action of this Board, or lack of action, which resulted in the disappearance of a large sum of money without the knowledge of a majority of the Board is fairly indicative of the manner in which the affairs of the body were carried on.

The second Board discontinued the practice of charging two or three per diems

for one day's work, but became active along other lines of illegal expenditures and dissipation of funds, which the exercise of ordinary business judgment would have prevented.

Under the head of foolish expenditures may be cited \$4,629.96 for detective services. Professional and amateur detectives were hired apparently without regard to expense. The results were ridiculous. In several cases where illegal practitioners were plying their trade arrests were made. In two or three cases convictions were secured only to be quashed because of political activity on the part of distinguished gentlemen connected with a former administration.

It is probable that a board of the character of the Board of Examiners in Optometry might need the assistance of private detectives on an occasion in which local peace officers might refuse to do their duty. The Board of Examiners in Optometry, however, were never refused assistance by local peace officers.

In addition to detective fees, the State Board of Examiners in Optometry paid out a large sum of money for the retaining of attorneys in direct violation of law. Furthermore, the retaining of the particular attorneys seems to have been more of a political transaction than otherwise.

One attorney who was retained by the State Board of Examiners in Optometry was Mr. Lewis A. Hilborn, at that time Secretary of the State Senate. According to the testimony of the members of the State Board of Examiners in Optometry before the Board of Control, this gentleman, skilled in the political methods in vogue, contrived his own appointment through Mr. Chinn. There was no authorization from the Attorney General, as required by law, and the Board accepted Mr. Hilborn at an annual fee of \$500.00 and expenses simply upon his statement that "it would be all right." Mr. Hilborn was retained in 1907 and continued to draw an annual fee of \$500.00 with expenses until July of this year.

It is not clear that Mr. Hilborn rendered the board any extraordinary legal services. What records exist indicate the fact was otherwise. On several occasions "special counsel" at special fees were hired to represent the Board, also without authorization of the Attorney General. A peculiar feature of the "special counsel" was that under this heading was included a clerk in Mr. Hilborn's office, who appeared in one case, charging a fee therefor.

The records show that Mr. Hilborn appeared in two or three minor cases in the four years that he drew an annual retainer. It seems that he was too busily engaged with other matters on most of the occasions when legal advice was required, and other attorneys were hired and paid fees and expenses.

It should also be remembered that Mr. Hilborn was at the same time Secretary of the State Senate, drawing a handsome per diem while that body was in session. By this arrangement, therefore, this gentleman was drawing two salaries from the State of California. Mr. Hilborn, however, was still more versatile as will hereinafter be shown.

Because of the reckless expenditure of money along questionable lines the Board of Examiners in Optometry found itself in financial difficulties and in 1909 appeared before the Legislature with various amendments to the optometry law. Conspicuous among these amendments was one raising the per diem of members from \$5.00 to \$10.00, and another increasing the annual license fee to be paid by all practicing optometrists from \$2.00 to \$5.00.

The three members of the Optometry Board came to Sacramento to lobby for the amendments, and while here went through the formality of holding a meeting each day in an endeavor to legalize a per diem charge against the State. This action placed the State in the position of paying certain of its officers extra salary and expenses to come to Sacramento to get their compensation increased.

The Board of Control demanded that the money charged the State for these meetings be refunded and it is included in the enclosed checks.

It seems that when they arrived in Sacramento the members of the Optometry Board found themselves unskilled in the ways of legislation, and they proceeded to cast about for a guiding hand. They encountered Mr. Hilborn, the Board's attorney, now officiating as Secretary of the Senate.

Mr. Hilborn drew a nice distinction between "legal services" and "lobbying," so it appears that he found it necessary to charge the Board \$250.00 for services in "steering" the amendments to the optometry law through the Senate. The Board of Control is of the opinion that this is the first time on record that any Board or individual ever had the effrontery to charge the State for "steering" legislation through its own law-making body.

By the arrangement effected, Mr. Hilborn was not only drawing money from the State as Secretary of the Senate, and as attorney for the State Board of Examiners in Optometry, but was also drawing money from the State for lobbying.

The situation was not without humor, as the Senate had an iron-clad rule debar-ring "lobbyists" from the privileges of the floor. Mr. Hilborn occupied the most conspicuous desk in the Senate Chamber.

The Board of Control took exception to this "legislative fee" of Mr. Hilborn's, and demanded its return to the funds of the State Board of Examiners in Optometry. It is included in the enclosed checks. This statement of the facts, connected with Mr. Hilborn's relations with the State Board of Examiners in Optometry, will give your Excellency an idea of the character of the transaction.

The Board of Control finds that Mr. Hilborn's appointment as "attorney" for the State Board of Examiners in Optometry was illegal, and that the services he rendered were trivial. This Board, therefore, respectfully recommends that your Excellency shall take such action for the recovery of \$2,000.00 fees as you may deem proper.

The second State Board of Examiners in Optometry, like its predecessor, seems to have concerned itself greatly with the affairs of the State Optometrists' Association, a private organization, and seems to have been under the impression that the State Board was but an adjunct of that organization. Many meetings were held at which only the affairs of the State Association were discussed and per diem charges were made against the State.

Furthermore, when the present Optometry Board found itself in difficulties as a result of your Excellency's direction to the Board of Control to make an investigation, members of the State Association of Optometrists were called into a conference to discuss the matter, and their expenses were paid out of the State's funds. The Board of Control demanded the return of this money, and it is included in the enclosed checks.

It will be apparent from an examination of the affairs of the Board of Examiners in Optometry that the law could have been enforced properly and efficiently if the Attorney General had been consulted when legal advice was needed, and if the district attorneys and local peace officers had been consulted when prosecutions were to be undertaken. Such a course would have done away with political attorneys, lobbyists, and amateur detectives.

To do even justice in this matter it should be stated that Mr. Laufer, a member of this second board, made several ineffectual attempts to curtail foolish expenditures for detectives and to put the business of the Board on a proper basis. From all the facts it also seems apparent that Messrs. Laufer and Detmers of the present Board and Mr. Hare of the first Board took no money that they did not think they were legally entitled to. The judgment of these gentlemen, however, is greatly to be deplored.

From all the facts, it is further apparent that there was not a man on either Optometry Board with the necessary backbone to force the conducting of the affairs of the body along proper lines; to demand that the records be kept in a respectable manner; and to demand an accounting for the moneys expended.

Following is a detailed statement showing the integral parts of the payments into the treasury by members of the present Board:

Fred W. Detmers—

| | |
|---|----------------|
| Per diem charged while lobbying | \$110 00 |
| One third of "legislative fee" paid to Lewis A. Hilborn | 83 33 |
| Pro rata of money paid to members of State Association for attending conference | 8 34 |
| | <hr/> \$201 67 |

F. W. Laufer—

| | |
|---|----------------|
| Per diem while lobbying | \$65 00 |
| One third of "legislative fee" paid to Lewis A. Hilborn | 83 33 |
| Pro rata of money paid to members of State Association for attending conference | 8 33 |
| | <hr/> \$156 66 |

F. C. Chinn—

| | |
|--|----------|
| Per diem while lobbying----- | \$150 00 |
| One third of "legislative fee" paid to Lewis A. Hilborn----- | 83 33 |
| Pro rata of money paid to members of State Association for attending conference ----- | 8 34 |
| Improper charge of stenographic service----- | 24 00 |
| Errors in per diem charges in annual reports as secretary----- | 185 00 |
| Examination and certificate fees not credited from 1903 to 1910----- | 460 00 |
| Renewal fees and fines not reported----- | 40 00 |
| | <hr/> |
| | \$950 67 |

Your Excellency will note in the analysis of the payment made by Mr. Chinn several items covering errors which ran through all the annual reports from 1903 to 1911. From these facts you will note that in addition to the sum of \$1,648.95 being absent from annual statements there were other errors in every annual report.

It appears to the Board of Control that these errors were the result of gross negligence on the part of Mr. Chinn as Secretary of both Boards, and to the supine indifference of other members of the Boards to the manner in which the business was conducted.

Early in its investigation the Board of Control found that the funds of the State Board of Examiners in Optometry were being foolishly dissipated and an order was issued restraining members of that Board from making disbursements without first submitting the same to the scrutiny of the Board of Control.

In the mean time the annual license fee of \$5.00 paid by every practicing optometrist has been received, and following is a condensed statement of the financial condition of the State Board of Examiners in Optometry at the present time:

| | |
|---|------------|
| Cash on hand in bank----- | \$4,622 66 |
| All bills paid, certified checks enclosed to be deposited in treasury of Board ----- | 2,570 60 |
| | <hr/> |
| | \$7,193 26 |

Its examination of the affairs of the State Board of Examiners in Optometry convinces the Board of Control that a total annual revenue of \$2,000.00 would be adequate to carry out the provisions of the law.

Taking this fact into consideration it will be seen that the \$7,193.26 now available in the treasury of the Board will be sufficient to carry it along for three years and a half without the payment of an additional dollar.

As there are approximately 800 practicing opticians in the State and the annual fee is \$5.00 it will be seen that within the next year \$4,000.00 additional will be paid into the treasury of the Board, exclusive of examination fees.

From these facts it will be seen that by the time the legislature meets in regular session in 1913, the board will have on hand after all expenses have been paid approximately \$9,300.00, exclusive of examination fees.

The optometrists charge the annual license fee as an operating expense and the public pays the bill. Therefore, the Board of Control respectfully recommends to your Excellency that when the Legislature next meets in regular session, it be requested to reduce the annual fee from \$5.00 to \$2.00 where it was before Mr. Hilborn "steered" legislation increasing it.

Before concluding this report, the Board of Control deems it a duty to call to the attention of your Excellency a wrong which has grown up with the creating of commissions and boards during the last twenty years.

The queer mental attitude of the members of the State Board of Examiners in Optometry towards the administration of a public trust forcibly illustrates the danger of creating boards and commissions empowered to collect and disburse money for the enforcement of vocational laws without supervision by the State.

The State Board of Examiners in Optometry in its collections and expenditures was not subject to supervision by the State until the State Board of Control was created. Its funds were kept in a private bank and what purported to be annual financial statements were made to the chief executive of the State. The result has hereinbefore been set forth.

The Board of Control respectfully recommends to your Excellency that, as quickly as practicable, the law be amended and that all boards, commissions, and officers empowered by law to collect and expend money be required to deposit such moneys in the state treasury and to make all disbursements therefrom by warrant subject to the supervision of the State Controller.

This report is most respectfully submitted this 25th day of November, 1911, by the

STATE BOARD OF CONTROL.

J. A. JOHNSTON.

JOHN FRANCIS NEYLAN.

C. L. SEAVEY.

SUMMARY OF RESULTS OF INVESTIGATION OF STATE BOARD OF EXAMINERS IN OPTOMETRY.

1. Demonstrated that the annual fee of opticians should be reduced from \$5 to \$2.
2. Funds of the board have been conserved and instead of a deficit there is now a surplus of \$6,000 in the treasury with all bills paid.
3. Graft and improper influences in conduct of board's business have been eliminated.
4. Steps have been taken by board and associations of optometrists to present to the Legislature amendments designed to make the act creating the board properly operative.

REPORT ON BUSINESS METHODS AND EFFECTIVENESS OF STATE MINING BUREAU.

July 25, 1912.

His Excellency, Hiram W. Johnson, Governor of California.

SIR: Through its accounting department the State Board of Control has completed an audit of the accounts and an examination of the affairs of the State Mining Bureau. At this time it is deemed proper to call to your attention certain matters and practices disclosed by the examination.

A general survey of the work of the State Mining Bureau as conducted at present convinces the State Board of Control that the annual appropriation of \$20,000, set aside for the support of the bureau, brings very little return either to the mining industry or to the State at large. It is also apparent from an examination of conditions at the bureau that radical changes in its conduct are necessary to bring about any beneficial results.

The funds of the bureau have been handled in a very loose manner and without regard to legal restrictions; the aims to accomplish which the bureau was created have been lost sight of; employees who under an aggressive management could devote their time to accomplishing work of value to the mining industry, are busy only a small part of each day; and the result is that nothing of value is accomplished.

The manner in which the funds of the bureau have been handled can best be illustrated by the fact that when C. L. Avery, superintendent of accounts of the State Board of Control, arrived at the mining bureau to begin his audit he found cash on hand and in the bank amounting to \$539.36, whereas there should have been \$2,982.10. The discrepancy was represented by memoranda and tags recording loans and advances to the State Mineralogist and employees, payment of salaries and other expenses, none of which, with the possible exception of one, could be legally paid out of these funds.

These funds on hand at the mining bureau represent, first, the publication fund, which is made up of receipts from the sale of publications of the bureau, and this fund cannot be legally used for any other purpose than defraying the expense of printing and publishing publications; secondly, a so-called "revolving fund," which has accumulated in the course of years, and should long ago have been deposited in the state treasury, as it was made up in large part of overcharges on payrolls, etc.; thirdly, a library fund of a small amount received from the sale of books from the library of the bureau, which also should have been deposited in the state treasury.

These funds have no relation to the annual appropriation of \$20,000 for the support of the bureau. These three funds were held in one account in a San Francisco bank. They were all checked upon for advances on salaries, loans, payment of salaries and other purposes.

One of the tags, signed by W. W. Thayer, the bookkeeper and cashier of the bureau, was more than a year old. It was for the sum of \$50.00 and was advanced ostensibly for the payment of freight on shipments of specimens to the bureau. No freight was paid out of it, and Mr. Thayer was required to return the \$50 to the fund. Mr. Thayer also had other memoranda of advances to himself in the cash drawer.

Cash tags in the sum of \$490.75 were deposited in the cash drawer in the name of Paul W. Prutzman, a mining engineer, who was supposed to be giving his entire time to the preparation of a bulletin on the oil industry of California. Prutzman's employment on this oil bulletin began during the incumbency of L. E. Aubury as State Mineralogist, but has continued for seven months during the incumbency of W. H. Storms, the present State Mineralogist. Up to the present time there has been no result of this employment shown.

The employment of Mr. Prutzman is of interest for several reasons. In the first place the employment of Mr. Prutzman was illegal, because of the fact that there were no funds from which he could be legally paid; secondly, it has come to the knowledge of the State Board of Control that Mr. Prutzman, during the time that he has been drawing a salary and traveling expenses from the State Mining Bureau, and while he was supposed to be engaged in gathering data for an oil bulletin, was in the employ of another department of the state government for three months and collected fees for services rendered which took a large part of his time—this employment undoubtedly accounts for the fact that the oil bulletin has been long delayed; thirdly, the payment of Prutzman's salary and expenses out of the funds on hand was illegal, for the reason

that two of the funds should have been deposited in the state treasury long ago, and the other could only be used legally to defray the cost of printing pamphlets and other publications.

Mr. Storms showed little knowledge of what time Mr. Prutzman has devoted to the service of the mining bureau. The preparation of the bulletin has dragged along, Mr. Prutzman apparently being the sole person to determine what time he should give to the mining bureau for the salary and expenses paid.

For these reasons above set forth the State Board of Control has notified the State Mining Bureau that it will audit no further demands for salary or expenses for Mr. Prutzman.

Cash tags for various small amounts, signed by H. F. Williams, janitor, were carried against the funds for several months, but were taken up at the direction of Mr. Avery.

Cash tags, signed by Mr. Storms, were also found in the cash drawer. They were not offset by any expense vouchers. Mr. Storms has been notified to take these up.

The records of the bureau for traveling expenses show that Mr. Storms was frequently absent on trips to different sections of the State. Several of these trips, Mr. Storms explained, were made to visit mining properties owned by individuals on which he rendered expert opinions. It is plain that if the State were to maintain a department and pay the expenses for the investigation of mining properties for individuals, the demands would be such that many thousands of dollars would have to be appropriated annually for this one purpose. The absence of the State Mineralogist on these trips unquestionably accounts for the lack of aggressive action in the bureau.

As a department of the mining bureau a museum is maintained in which have been collected thousands of specimens of valuable ores and minerals, together with a collection of relics of early mining days. This property is valued at many thousands of dollars. There is no record or catalog of the contents of this museum and no attempt has been made, either by Mr. Aubury or Mr. Storms, to take an inventory of this valuable property. The necessity of such a record is apparent from statements made by Mr. Storms, to the effect that persons who had donated valuable specimens to the museum have complained that the gifts are not there. Because of the lack of records there is no way to trace these missing articles.

P. K. Swain and C. C. Selbie were successively employed as curator of the museum, but it is extremely difficult to ascertain what they accomplished in this position. Neither one made any attempt to catalog the exhibits.

Another department of the bureau in which matters have been handled in a loose fashion is that of the publications. Provision is made by law for the publication of pamphlets and bulletins which will be of value to the mining industry, and in order to provide funds the statute creating the State Mining Bureau requires that these publications shall be sold at the actual cost of printing them. By this means a revolving fund is established.

A practice arose under the administration of Mr. Aubury, and has been continued under Mr. Storms, of giving away free of charge these publications to certain individuals and making charges for them to others. Many copies have been distributed to other mining bureaus and departments in exchange for similar works. To this there can be but little objection, but in many other cases these publications have been given to friends or acquaintances of the State Mineralogist, while the general public is required to pay.

In extenuation of the fact that many illegal charges were recorded against the funds of the bureau Mr. Storms complained that the \$20,000 annual appropriation was inadequate to the needs of the bureau. This Board, however, respectfully advises your Excellency that the fault lies not in the amount of money appropriated, but in the manner in which it is expended.

The sole results of the activities of the mining bureau, so far as this Board can learn, have been: the dissemination of some incomplete statistics, the making of determinations by the chemist employed, and the preparation of an oil bulletin by Mr. Prutzman, which has been heretofore referred to. If these are the objects of the maintenance of the State Mining Bureau, they can be attained in much more economical fashion. Complete and accurate statistics can be secured from the Federal Mining Bureau on request, the determining of the characters of ores is only sufficient to keep one man busy, and it is apparent from the manner in which Mr. Prutzman has handled the assignment that the compilation of an oil bulletin does not require very close application.

If these were the only objects to be attained, they could be accomplished for approximately \$4,000 or \$5,000, and there would be no need of maintaining a big establishment.

As it is, the pay roll alone of the State Mining Bureau is \$15,540 a year and the employees are only busy for a fraction of each day. It is apparent that there is no definite work outlined, and the employees simply put in time each day. The wide field of stimulating the mining, oil, and building material industries of the State receive only perfunctory attention. This work could be carried on with big results by an elimination of certain positions in the bureau, the reassignment of the work among the remaining employees, and the devotion of the salary money saved to a proper study and exploration of the particular resources of the State which fall within the jurisdiction of the bureau. The carrying out of these suggestions would tend to reduce the overhead cost in the office of the bureau to a reasonable basis and afford means of putting men in the field to prosecute the work of gathering accurate information, data and statistics. Absolutely no attention is being paid to this feature of the work at the present time outside of the employment of Mr. Prutzman.

Mr. Storms' complaint of the lack of funds is not strengthened by the record, which shows that the salary of Mr. Thayer was increased in June by \$25 per month; the salary of the janitor was also increased; legal charges for publication were waived; Mr. Storms has felt that there were sufficient funds to warrant him in traveling from which the State received no benefit; Mr. Prutzman has been paid a monthly salary and expenses while devoting his time to other work.

Many of the practices which still maintain have gone on in the department for years, and the records show that the bureau has gradually been settling into a rut in which it is of little or no use to the State.

This Board has notified the mining bureau that the funds which have been illegally used in the past must be forthwith deposited in the state treasury, and that in the future all claims and expenditures will have to be made in accordance with the law and the regulations governing all departments of the state government. This Board feels that such action will result in a proper restriction of expenditures, but that the matter of increasing the efficiency of the department is one which should engage the attention of your Excellency.

This report is respectfully submitted this twenty-sixth day of July, nineteen hundred and twelve.

JOHN FRANCIS NEYLAN,
Chairman State Board of Control.

REPORT ON CHARGES AGAINST H. C. HALVORSEN.

November 1, 1911.

*His Excellency Hiram W. Johnson, Governor of the State
of California, Sacramento, Cal.*

Under instructions from you to ascertain either the truth or falsity of charges made against H. C. Halvorsen, an employee of the Department of Engineering, detailed as foreman of construction on the job of building main coals and walls, San Quentin, I have conducted an investigation and herewith tender you report.

Accompanied by Prison Director D. M. Duffy, and ably assisted by him in the examination of witnesses, I have taken the sworn testimony of Alfred A. LeBeuf, H. S. Schwatka, J. F. Bushnell, William Serinoni, John H. Carpenter, Louis H. Howelcke, George White, Rupert Downs, H. C. Halvorsen, W. H. Foster, Perry Langille, J. W. Hansbrough, Thomas P. Collins, Charles Higgins, John Ahern, H. L. Schroeder, Paul Bowman, and Robert Jones.

Witnesses were examined in the Warden's office, San Quentin, in the presence of the Warden, and at the office of the Prison Directors, Ferry Building, San Francisco.

Summarized, the charges against Halvorsen contained in letter to you from Alfred LeBeuf, were as follows:

1. That while employed by the State and acting as its representative in transacting business with the Light Draft Towing and Barging Company, part of his duty being to certify to the correctness of bills rendered by that company to the State, he became a partner in the Light Draft Towing and Barging Company, and, for his own gain and profit, he fraudulently assisted that company, in which he had monetary interest, to cheat the State.
2. That he used the property of the State entrusted to his charge for his own purposes by taking from the warehouse quantities of lumber, paints, oil, lead, oakum, nails, paper, brushes, tools, etc., for the purpose of making repairs to the boats and barges of the Light Draft Towing and Barge Company, in which he was interested financially.
3. That he padded his expense accounts and by making false affidavit as to correctness of items of expense which had never as a matter of fact been incurred, he secured from the State, supposedly for reimbursement, money that had never been expended by him for the benefit of the State and to which he had no legitimate claim.
4. That at Sheep Island quarry, where paroled prisoners were given work by the State under his supervision, he established on his own account a commissary store, and taking advantage of the plight of the paroled men, sold them shoes, clothing, blankets, etc., at prices determined largely by their necessities. Also that he compelled the paroled men at the quarry to work nine hours a day, in violation of the Statutes of 1903, page 119, which restricts the hours of labor on state work to eight hours a day.
5. That he made false reports to the Department of Engineering, both as to the amount of rock taken out of the quarry at Sheep Island and the amount on hand at San Quentin at the time of last inventory, January 1, 1911.
6. That he forged the endorsements on pay checks due men who worked in the quarry, but who breaking parole left without being fully paid.
7. Taking up the charges in their order and examining the testimony, I find and respectfully report as follows:

AGENT OF THE STATE AND AT THE SAME TIME PARTNER IN COMPANY TRANSACTING BUSINESS WITH THE STATE.

1. H. C. Halvorsen, while in the employ of the State as inspector and foreman in charge of construction work at San Quentin, purchased a five twelfths interest in the Light Draft Towing and Barge Company. He purchased this by paying to Mr. Wadsworth Foster of San Rafael \$1,000.00 cash, with the further understanding that he would pay the balance of \$1,000.00 by applying his dividends. Since making the payment of \$1,000.00, May 1, 1911, he has received as his share of the profits a monthly dividend of \$50.00 and the four dividends since declared and paid

to him June 6th, July 11th, August 17th, and September 23d, he has turned back to Mr. Foster to help pay the \$1,000.00 balance due for his stock.

The Light Draft Towing and Barging Company secured the contract to deliver sand to the construction job on which Halvorsen was foreman at 69 cents a yard. It also secured the contract to haul on its barges rock that the State was purchasing from the Richmond Crushed Rock Company—the State agreeing to pay the Richmond Crushed Rock Company 65 cents a yard for the rock and also to pay the Light Draft Towing and Barge Company 30 cents a yard for hauling it from Point Richmond. In fact, the Light Draft Towing and Barge Company secured all of the business of hauling materials for the construction work under the direction of Mr. Halvorsen. That the State work was profitable is certain, for Mr. Wallace Foster, principal stockholder and organizer, testified that since securing the State's business and taking Halvorsen in as a partner, the company gave up all other customers and devoted itself exclusively to the business of the State. After securing Halvorsen as partner, the company became a moneymaker. Dividends were declared frequently. But, as testimony shows, they were not fully earned and were not entirely honest.

In order to increase his own earnings as Halvorsen, stockholder in the Light Draft Towing and Barge Company, Halvorsen, inspector for the State, allowed the Light Draft Towing and Barge Company to charge for more sand than it actually delivered and also in rendering bills for hauling rock from the quarry of the Richmond Rock Company, to charge freight on greater quantities than were actually delivered.

Every barge load of sand and rock received was measured but the actual measurements Halvorsen systematically increased, so that between April 22d and September 13, 1911, he allowed the Light Draft Towing and Barge Company credits for 2,239 yards of sand at 69 cents, \$1,544.91, whereas they delivered but 1,958 yards at 69 cents, \$1,351.02; State cheated out of 281 yards at 69 cents, \$193.89.

And between June 9, 1911, and September 4, 1911, he allowed Light Draft Towing and Barge Company freight on 5,091 yards rock at 30 cents yard, \$1,527.30, whereas the quantity freighted was but 4,305 yards at 30 cents a yard, \$1,291.50; State cheated out of 786 yards at 30 cents, \$235.80.

And between June 9th and September 4, 1911, he allowed the Richmond Crushed Rock Company to bill 5,091 yards rock at 65 cents a yard, \$3,309.15; by measurement the State received only 4,305 yards at 65 cents a yard, \$2,798.25; excess over quantity actually delivered, 786 yards at 65 cents, \$510.90.

USED STATE'S PROPERTY TO REPAIR HIS OWN BOATS.

2. That the tug and barges of the Light Draft Towing and Barge Company were repaired at the expense of the State there is not the slightest doubt. Lumber, paint, oil, lead, pipe, oakum, tools, brushes, etc., in great quantities were taken from the warehouses with Halvorsen's consent and under his direction and used in repairing the boats. The repairs were made by convicts working under Mr. Halvorsen's orders. This is established by the testimony of the men who did the work and by the admissions of Mr. Halvorsen. For the labor no charge was made to the Light Draft Towing and Barge Company, nor was the State paid for the materials. The value of State property taken and used for the benefit of the Light Draft Towing and Barge Company can only be estimated, as items taken were not always recorded. Records that had been kept were destroyed by Mr. Halvorsen. Memorandum records of a portion of the materials taken from the warehouse between March 25th and September 3, 1911, show the same to have cost the State \$128.67, but Mr. Halvorsen let his partners have all this and much more without charge.

PADDED HIS EXPENSE ACCOUNT.

3. The charge was made that Halvorsen systematically padded his expense account. This Halvorsen denies, though he admits the truth of other charges. The clerk who kept Halvorsen's books and made out his claims testified that on thirty-two different dates, between April and December, 1910, Halvorsen charged the State for trips that were never made and collected for expenses that were never incurred. The records in the Engineering Department show that all of these claims were presented and allowed. There is no record that I can find that proves conclusively that Halvorsen was or was not on the trips he was supposed to have taken on business for the State and for which he presented claims—that is as to all of the dates. It is my belief that some of the items entered by Halvorsen on his expense account were actually expended and that others were not. There is

positive proof in the accounts of the officers and guards mess at San Quentin that he had meals there on many of the days when he was supposed to have been away according to his own sworn affidavit.

"COMPANY STORE" METHODS AT SHEEP ISLAND QUARRY.

4. From January to November, 1910, the Department of Engineering had leased what is known as the Sheep Island quarry. Paroled prisoners were employed there and Halvorsen was their boss. Because of the necessity of boarding the men working there, the State Engineer allowed Mr. Halvorsen to purchase commissary stores, which were charged to the department. Later, the money paid by the men for board was credited to the fund. Mr. Halvorsen on his own account, however, put in a small stock of clothing, shoes, hats, etc., and sold those articles of wearing apparel to the men working under him. Not being able to secure original bill of cost, I am unable to determine just what percentage of profit was added to the items sold, but the testimony shows that on some items the prices were so high that the men kicked, and kicked so hard that Halvorsen made reductions. Whatever the profit, large or small, makes little difference; the evil of such business is its likening to the methods of the "company store," in which men would be forced to trade in the store owned by the company giving them employment under penalty of forfeiting their jobs. Here we find a situation far worse, for the paroled men working at Sheep Island quarry were dependent on Halvorsen not only for their living but to a certain extent for their liberty.

FALSE REPORTS TO DEPARTMENT OF ENGINEERING.

5. The charge that Halvorsen made false reports to the Department of Engineering, both as to the amount of rock quarried at Sheep Island and the quantity on hand at time of inventory, is true. It is also true that he worked the paroled men nine hours a day instead of eight in violation of the Statutes of 1903, page 119. A number of supposed shipments from the quarry were, as a matter of fact, not received at the prison.

When questioned about making false reports Halvorsen said that he had no purpose in so reporting except to fool the quarrymen as to the real conditions. January 1, 1911, an inventory was made of the materials on hand at the cell building for construction purposes and at the time there was actually on hand but 1,253 yards of rock, though Halvorsen reported to the Department of Engineering that there was 4,453 yards. There could have been no monetary gain to Halvorsen in making these false reports, as the State was not buying the rock by weight or measurement, but had the quarry under lease with the privilege of taking all the rock it could get out of it during the period of the lease. It appears, therefore, that Halvorsen's purpose in falsely reporting was to establish a reputation for efficiency by making it appear that he was getting out a great deal more rock than was really quarried, and this same desire to make a showing led him to work the men who were so completely at his mercy more hours per day than the law allows. Since the amount of rock taken out established the cost per yard or per ton to the State under the lease, the reports deceived the Engineering Department as to the true cost. And without desiring to rake up the past or to make any criticism of what may have been the best that could have been done at the time and under the circumstances, I am constrained to say that in the lease of Sheep Island quarry at \$10,000 a year, the State profited little.

ENDORSEMENTS FORGED—MONEY MISSING.

6. Some of the men who worked at the quarry broke parole, leaving before getting fully paid. In such cases Halvorsen secured the money due the men, but has failed to account for all that he collected. It was the custom for Halvorsen to forward the pay rolls to the Department of Engineering; after approval and drawing of the warrant in favor of the department, Mr. Ellory sent check on D. O. Mills Bank for total amount due all the quarry men in one check drawn in favor of H. C. Halvorsen. Halvorsen then made separate checks for each man. When men had left without receiving their pay, Halvorsen had their names endorsed on the checks by Mr. John H. Carpenter, who was working under him as a sort of subforeman. Halvorsen cashed the checks, deducted whatever was due the Department Commissary for board and whatever was due him personally on account of clothing sold to them, and then, according to his own testimony, placed the balance in the keeping of the Prison Warden. However, the amount of money received by

the Warden for the credit of various men does not agree with the records of what ought to be there and Halvorsen does not satisfactorily explain the discrepancy. Here is a list of the men who broke parole whose checks were cashed on forged endorsements:

| | |
|--|---------|
| R. Crosi, check No. 1430, Bank of D. O. Mills & Co., Sept. 1, 1910-- | \$38 75 |
| R. Crosi, check No. 2205, Bank of D. O. Mills & Co., Oct. 1, 1910-- | 11 75 |
| C. Bonaro, check No. 1428, Bank of D. O. Mills & Co., July 1, 1910 | 7 75 |
| H. Watson, check No. 2208, Bank of D. G. Mills & Co., Oct. 1, 1910 | 9 25 |

The charges made against Halvorsen are true. He has profited by a partnership in a company engaged in the business of selling materials to the State while acting at the same time as the agent of the State in checking his own bills. He was able to secure stock in the Light Draft Towing and Barge Company because of the position he held with the State, and he misused his position, not only by being a party to this unethical relationship, but by overpaying himself and his partners.

That the parties who have profited or sought to profit by Halvorsen's acts shall not get all the money they would have secured had they been undisturbed in their game of fleecing the State, I recommend that claims now pending be reduced to the amounts actually due them for materials furnished and services rendered. Following this plan the Board of Control will deduct from the claims now pending and save to the State treasury the following amounts:

| | |
|--|------------|
| From the Light Draft Towing and Barge Company— | |
| Excess allowed on sand----- | \$193 89 |
| Excess allowed on rock----- | 235 80 |
| Materials used repairing boats----- | 123 67 |
| Total ----- | \$558 36 |
| From the Richmond Crushed Rock Company— | |
| Excess allowed on hill for rock----- | 510 90 |
| | <hr/> |
| | \$1,069 26 |

And will treat their claims pending in the following manner:

| | |
|--|------------|
| Total claims of Light Draft Towing and Barge Company now on file ----- | \$1,773 05 |
| Deducted for reasons stated above----- | 558 36 |
| Claims allowed for----- | \$1,214 69 |
| Total claims of Richmond Crushed Rock Company----- | \$1,552 85 |
| Deducted for reasons stated----- | 510 90 |
| Claims allowed for----- | \$1,041 95 |

All of which is respectfully submitted by

JAMES A. JOHNSTON,
Chairman State Board of Control.

REPORT ON ACCOUNTS OF FOLSOM PRISON UNDER WARDEN
W. H. REILLY.

September 15, 1912.

His Excellency, Hiram W. Johnson, Governor of California.

SIR: An audit of the accounts of the Folsom State Prison has disclosed certain discrepancies in business methods which it is deemed proper to call to your attention. These discrepancies in the business methods referred to occurred during the period in which W. H. Reilly was the executive officer of the institution.

It has been found that it was customary for Warden Reilly to have all of the cream delivered from the State Farm, attached to the prison, to his residence. A portion of this cream was used in his maintenance. The remainder of the cream was made into butter and the butter was then transferred to the Commissary Department, at which time a cash credit was entered to the account of the Warden; thus, in effect, the State was buying from Warden Reilly its own butter. Lack of a proper system of requisitions renders it impossible to tell just how long this system was in vogue. However, those records which are in existence demonstrate that it covered a period of at least seven months and that in this time Warden Reilly received a credit from this source of \$139.09. This Board deemed it proper to allow Warden Reilly to return this amount of money to the fund of the prison.

Examination of the records of the payments for expressage at the institution disclosed the fact that the custom was for the Warden to have personal charges entered against the state. These charges that were found from the records total \$30.85. The Warden was required to refund this amount to the credit of the prison.

In addition it was found that a chicken ranch, owned by the state, was conducted as an adjunct of the Warden's residence. All eggs from the chicken ranch were delivered to the Warden's residence and presumably consumed there. The record, however, disclosed the fact that in one month as many as 300 dozen eggs were delivered to the Warden's residence. This amount of eggs seemed to this Board exorbitant for a small family. There was no disposition to be unreasonable, but the Board felt that it could not approve the audit of such an amount. The Warden agreed that an allowance of 125 dozen eggs a month would be ample. He was therefore required to refund to the credit of the prison the cost of the remaining eggs. The total refund by him for this purpose was \$91.91.

The total amount to cover all discrepancies refunded by Warden Reilly was \$261.85. This amount is herewith transmitted to you, as trustee, for the Folsom State Prison.

An examination of the accounts of J. E. Hosier, clerk of the prison, disclosed the fact that he was engaged in a particularly petty graft, which consisted of taking a few cents at a time of moneys belonging to the prisoners. This was done through manipulating subscriptions for magazines. The clerk was charged with the duty of securing subscriptions for those prisoners who had money to devote to that purpose. He was paid to take care of this as well as the other duties of his office. Shortly after this duty was imposed upon him, however, the clerk evolved a system of paying at club rates, thus getting a discount. This discount, instead of being a benefit to the prisoners, was appropriated by the clerk. The discount allowed by the first firm was not sufficient to satisfy the demands of the clerk, so he transferred the business to another agency which offered larger inducements, which in turn were appropriated by the clerk. The refinement of financial matters, however, is perhaps better illustrated by the clerk in the purchase of postal money orders to pay for the subscriptions. In the purchase of these orders, the clerk would charge each of the convicts the regular rate charged by the Federal Post Office Department. He would then bulk the remittances, thus getting a bulk rate, and appropriate for his own use the few pennies thus extracted from the convicts. This type of graft was of such a mean and petty nature that the Board demanded the return to the prison fund of all the money appropriated by Mr. Hosier, which totaled \$53.39. This amount of money means little to a person at liberty, but it means much to men in prison.

A certified copy of the report of this audit has been transmitted to the State Board of Prison Directors.

This report is respectfully submitted this fifteenth day of September, 1912.

STATE BOARD OF CONTROL.

JOHN FRANCIS NEYLAN.
W. H. HUMPHREY.
CLYDE L. SEAVEY.

REPORT ON CONDITION OF ACCOUNTS OF STATE
BOARD OF HEALTH.

January 6, 1913.

His Excellency, Hiram W. Johnson, Governor of California, Sacramento, California.

SIR:—An audit of the accounts of the State Board of Health for the period beginning July 1, 1909, and ending June 30, 1912, has disclosed certain discrepancies and methods of doing business which it is deemed proper to call to your attention.

As a net result of the audit, Dr. W. F. Snow, Secretary of the Board, has been required to return to the funds of the State Board of Health a total of \$705.47 to cover discrepancies.

At the outset, it is the duty of this Board to make plain to you that, although the secretary had to return this amount, there is no suggestion of any criminal action on his part. The returning of this money by Dr. Snow is the direct result of the vicious system of transacting State business which had grown up in so many departments and institutions.

Some idea of the inefficiency of the old methods and the confusion arising therefrom can be had from a knowledge of the fact that it took expert accountants the greater part of three months to reconstruct the records of the State Board of Health for the period of audit. In many instances, the records were absolutely worthless, admitting of no check or countercheck and presupposing as a part of the system an accurate memory on the part of the person in charge.

The discrepancies making up the total of \$705.47 cover the entire period of the audit. There are so many and they are of such a variety that a recitation of them would be in effect a duplication of the report of the audit by the accountants. Therefore, a copy of the report is hereto attached and made a part of this special report.

Steps have been taken to properly formulate the business methods of the State Board of Health and to prevent recurrence of the discrepancies and confusion which have arisen under the old system.

Of the amount returned by Dr. Snow, \$329.14 has already been deposited to the account of the State Board of Health in the California National Bank. Herewith transmitted to you are a certified check for \$350.00 and a check on the Bank of Palo Alto for \$26.33, to cover the balance of the discrepancies.

This report is respectfully submitted this sixth day of January, 1913.

STATE BOARD OF CONTROL.

JOHN FRANCIS NEYLAN, Chairman.

CLYDE L. SEAVEY.

W. H. HUMPHREY.

In the preparation of this report it has been the purpose of this Board throughout to avoid encumbering it with unnecessary details. In illustrating the effects of policies adopted and methods pursued attention has been confined to one or two in each case, whereas, at times hundreds could have been quoted. All of these records are on file in this office.

This report is respectfully submitted by the

STATE BOARD OF CONTROL.

JOHN FRANCIS NEYLAN, (Chairman).

CLYDE L. SEAVEY.

W. H. HUMPHREY.



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